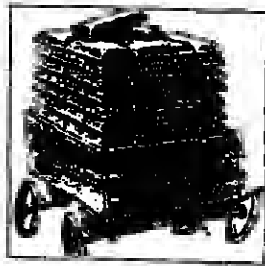


Top 11/150

Weekend



Tarnished gold
Whereas gold used to be seen as a good asset, it is now at the bottom of the pile



White Christmas
In her seasonal search for vintage value, Jancis Robinson picks the best of the world's white wines



Weekend



Velvet touch
Velvet has shaken off its fusty image to become the fabric of the future



Eleven princes
Dynamo Kiev's footballers get a car and a luxury apartment when they sign with the team

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IMF chief calls for \$160bn increase

By Robert Chote in London

Asia's financial crisis has prompted the head of the International Monetary Fund to request a \$160bn increase in the organisation's capital base, far more than its members agreed less than three months ago.

Michel Camdessus, the IMF's managing director, has warned his board that the fund's finances have deteriorated significantly since its annual meeting in September - especially because of its \$21bn loan to South Korea. He argues that the Asian crisis has also demonstrated that the fund needs to make larger loans than it used to.

Camdessus is therefore urging the board to increase the fund's \$200bn capital base by between 70 and 80 per cent, rather than the 45 per cent agreed in Hong Kong. This increase in so-called "quotas" (or

Asian crisis shows that bigger loans will have to be handed out, says Camdessus

subscriptions) would enlarge the pool of resources the IMF has available to lend.

The board is due to discuss Mr Camdessus's proposal on Wednesday. A draft resolution could then be put to the IMF's member countries by the end of the year, when it would require 85 per cent approval - weighted by each nation's voting power.

The managing director proposes that the share of the quota increase taken by each member country should be the same under his proposal as under the earlier 45 per cent agreement. This avoids changing the relative voting power each country enjoys in the organisation.

Mr Camdessus is taking a high political risk with the proposal. The US, Canada and the UK are said to be opposed to the idea, which would be more than enough to block it. The other members of the Group of Seven leading industrial countries are said to be less hostile, while middle-income and developing countries are expected to be supportive.

The agreement in Hong Kong was the culmination of more than three years of sometimes acrimonious discussion. The US held out against an agreement for several months and would not go higher than 45 per cent. The Clinton administration may

argue that it will be difficult enough to get Congress to agree to 45 per cent, let alone to go any higher.

Mr Camdessus has long argued for a higher quota increase, first proposing 100 per cent and later 55 to 65 per cent. His case was weakened by unexpected improvements in the IMF's liquidity position, which the Asian crisis has subsequently thrown into reverse.

The managing director hinted last week that he might ask IMF members for more resources. Referring to the Hong Kong deal, he said: "That was not enough, as I said in advance. So nothing is easier than to proceed to a new



Michel Camdessus

increase in the quotas, because it will not cost you a dime and it is the most efficient way to solve the great problems of the world."

Man in the News, Page 7

Seoul acts in bid to restore stability to markets

By John Burton in Seoul

The South Korean government yesterday intervened to shore up investors' confidence with a Won11,300bn (\$8.6bn) liquidity injection into financial institutions.

After a week in which the currency has been in free fall, the central bank also spent at least \$200m in foreign currency to boost the won to 1,710 to the dollar, an improvement of nearly 10 won from Thursday.

The authorities also abolished restrictions on long-term overseas borrowing by Korean companies for one year to ease a liquidity squeeze.

Nevertheless the measures were not enough to stop the Seoul bourse plunging 7.1 per cent to an 11-year low of 350.68 points after one of Korea's main brokerage houses, Dongsuh Securities, filed for bankruptcy protection. Foreign investors shunned yesterday's increased opening of the bond market.

Lim Chang-yuel, the Korean

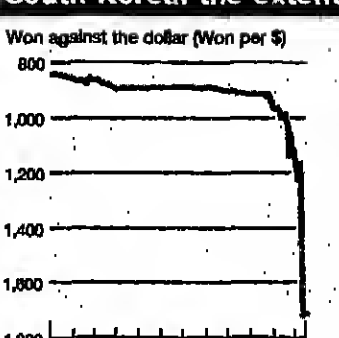
finance minister, suggested the government might take equity stakes in troubled commercial banks for a two-year period to boost their capital base and avoid closure under the terms of the International Monetary Fund bail-out package.

This follows the government rescue this week of Korea First and SeoulBank, two of the nation's biggest banks, through equity swaps with state-run businesses. The move raised doubts among foreign investors about Korea's commitment to restructure the financial sector.

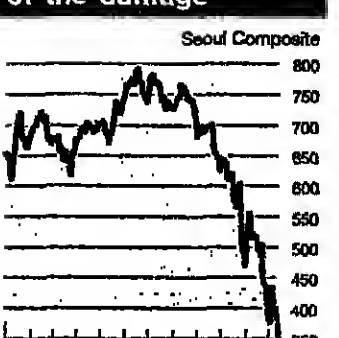
Analysts said calm was not likely to return to financial markets until next Thursday's presidential election, which might reduce uncertainty about the government's commitment to economic reforms required under the IMF's \$57bn rescue programme.

Kim Dae-jung, the opposition leader and presidential front-runner, yesterday appeared to back away from recent statements in televised political

South Korea: the extent of the damage



Source: Datastream/ICV



debates he would try to renegotiate the IMF terms if elected.

In a letter to Michel Camdessus, IMF managing director, Mr Kim said he supported the IMF package, although he wanted to consult with the fund "to resolve additional issues and make up for shortcomings in the agreement" if he became president.

Mr Camdessus welcomed Mr Kim's "unambiguous statement of support", which would "counter any misapprehension" at "this time of market instability".

Mr Kim has been criticised by the government candidate, Lee Hoi-chang, for "pushing the economy to the brink of collapse" by undermining foreign

investor confidence with his demands for renegotiation.

Presidential aides asked the Korean media and citizens' groups to stop making xenophobic criticisms of the IMF and foreign governments because this threatened to alienate overseas lenders and investors as Seoul sought funds to cover its short-term debt obligations.

The government is betting that if the won remains stable, this would ease worries about foreign exchange losses and encourage overseas investors to return to the stock and bond markets, which were opened wider this week.

The stock market was depressed by the bankruptcy of Dongsuh, the nation's fourth-largest brokerage, as its parent Kukdong group restructures its operations. Another brokerage, Coryo Securities, failed earlier in the week.

Tale of Two Cities and Editorial Comment, Page 6
Markets, Page 11

UK is granted limited access

EU ends dispute over its single currency group

By Lionel Barber and Robert Peston in Luxembourg

The European Union last night agreed a face-saving compromise over Franco-German plans to set up a "euro club" of future members of economic and monetary union.

The deal allows the EU group to meet informally to discuss issues specific to its members while offering limited access to Britain, Denmark, Greece and Sweden, which are likely initially to be outside Ecu.

The compromise reached at the EU summit in Luxembourg followed rancorous negotiations between Britain and France, which overshadowed EU plans for enlargement to central and eastern Europe, originally intended as the summit centrepiece.

It also underlined how difficult it will be for Tony Blair, British prime minister, to achieve his ambition to play a leading role in the EU as long as Britain stays out of the single currency, which is to be launched on January 1 1999.

The Luxembourg presidency text resolving the issue stresses that this council of all 15 EU finance ministers would remain the sole body taking decisions in economic policy.

clear that Ecu members would have the last word on the agenda of the euro-forum and on which countries take part.

The text says "whenever there are matters of common interest, all 15 [member states] have the right to participate." The wording allowed Britain to claim that non euro-zone countries would now have the right to take part in issues such as tax and employment.

A spokeswoman for President

Jacques Chirac of France insisted earlier that France and Germany were as one, and that Mr Blair had failed to win the argument despite tenacious interventions.

Yves-Thibault de Silguy, EU monetary affairs commissioner, also made a coded attack on Britain. He said: "There is one delegation - more or less supported by two or three others - who feels that participation in the euro group must be a right."

Chancellor Helmut Kohl of Germany warned that the future Ecu group could meet informally outside the umbrella of the EU treaty if the British or others blocked agreement. He cited the example of Group of Seven industrialised countries which worked efficiently.

A spokesman for Mr Blair claimed: "We have not conceded anything. We have always said you cannot stop countries meeting informally."

The British said the compromise would restrict the issues to be discussed by the "ins" alone. These were set out in the 1992 Maastricht treaty as euro exchange rate policy, sanctions on Ecu countries breaching rules on fiscal discipline, and technical matters such as the coinage.

However, Philippe Maystadt, Belgian finance minister, said it would be impossible to prevent the euro forum from discussing a broad range of issues such as wage rates and budgetary matters as they related to the euro.

The dispute over the euro forum distracted attention from a serious hitch over EU attempts to forge closer relations with Turkey, partly through its participation in a pan-European conference early next year.

Rude awakening, Page 2

News General

Suharto to miss summit

Indonesia's President Suharto cancelled plans to attend the annual summit of the Association of South East Asian Nations (Asean) in Kuala Lumpur next week, fuelling rumours about his health and alarming jittery markets. The rupiah fell below 5,000 to the dollar. His spokesman said the president was following his doctors' advice. Page 3; Currencies, Page 8; World markets, Page 21

Kremlin denial on Yeltsin's health

The Kremlin denied reports that President Boris Yeltsin had suffered a brain "spasm", insisted he was recovering from an "acute viral infection", and said he would vote in tomorrow's elections for Moscow's city council. Worries about his health have shaken Russia's markets, sending share prices down 13 per cent, but the economy received a boost when the International Monetary Fund signalled it was likely to renew disbursement of a \$10bn loan. Page 2

Swiss to release Marcos funds to Philippines

Switzerland cleared the way for unfreezing \$500m of assets associated with Ferdinand Marcos, the late Philippine dictator who was deposed in 1986, when a court decided that Swiss banks should return the disputed fortune to the government of the Philippines. Page 3

Carlos the Jackal faces his past

Facing a Paris court and the prospect of the rest of his life behind bars, Illich Ramirez Sanchez, alias Carlos the Jackal, also confronts a world that is forgetting his exploits. Once the world's most wanted terrorist, he risks becoming an anecdote of 1970s history, with such groups as Italy's Red Brigades, the Japanese Red Army and Germany's Bader Meinhof gang. Page 3

Iran: a new chapter unfolds

Mohammed Khatami, the reformist president elected this year, has an air of the future about him. If he can continue to draw around himself the aura of national authority, he may yet forge a more tolerant society where dissent and freedom of expression are allowed within the rule of law.



Page 7

News Business

Ruling clouds Windows

Issues raised in a federal judge's ruling in the US Justice Department's anti-trust case against Microsoft has cast serious doubts over the company's planned launch next year of Windows 98, an update of its personal computer operating system. The new system links its PC windows system closely to Microsoft's Internet browser, which is at the heart of the case. Page 24 and Lex

Japan's rail sell-off terms in doubt

Japanese plans to change the terms of railway privatisation by forcing seven rail companies to assume ¥500bn (\$3.6bn) worth of pension liabilities posed a further threat to international investor confidence in the country's markets. Page 24

Bravery in the face of Hercules

In spite of the spate of gung-ho headlines in the Yorkshire press of Allied Colloids' defensive stance against the £1.07bn hostile bid launched late last month by Hercules, the US chemicals group, a cloud of uncertainty has settled over Allied's employees, who perceive a threat to the culture and cohesion seen at the heart of the company's manufacturing success. Page 22

Fall in producer prices lifts Wall Street

Some weaker-than-expected producer price figures helped spark an early rally on Wall Street, but the initial ground was lost as technology stocks suffered another wave of selling pressure. By lunchtime in New York, the Dow Jones Industrial Average was off 60 and the technology-rich Nasdaq index was more than 20 points lower. World stocks, Page 21

Dutch warn to crackdown on corporate ethics

Accusations of insider dealing and corruption have swirled around Amsterdam's financial markets since justice and tax officials raided the floor of the bourse in October. A proposal to restrict executive share options, denounced recently by prime minister Wim Kok as "exhibitionistic enrichment", may gain an already popular government further credit at a general election next May. Page 7

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Swiss act to unfreeze Marcos cash

By William Hall in Zurich and Justin Marozzi in Manila

Switzerland yesterday cleared the way for unfreezing \$500m of assets associated with Ferdinand Marcos, the late Philippine strongman who was deposed in 1986, when a Swiss court ruled that Swiss banks should return the disputed fortune to the Philippine government.

The Swiss federal court in Lausanne, the country's highest court, has ordered that, provided certain conditions are met, the funds held by Swiss Bank Corporation, should be transferred to the Philippine courts, which will decide how to distribute them. It is understood that the same decision will also apply to the funds held by Credit Suisse, which are

who had also made claims on the money in the Swiss banks. The US court ruled that the Swiss decision to block the Marcos accounts in 1986 forestalled any action on the matter by US courts.

The two decisions will come as a welcome relief for the Swiss banks which have been embroiled by the long-running publicity over their role in providing a safe haven for the funds of one of the world's most controversial leaders.

In 1994, a Hawaii federal jury found the Marcos regime guilty of murder and torture and awarded \$500 million in damages. The Swiss banks have been reluctant to return the money because they feared that the competing legal claims on the money could mean that they might be forced to pay out twice.

There is still a possibility of a further legal challenge but Swiss banks were yesterday privately pleased that the Swiss involvement in the long-running saga of the Marcos millions appeared to be coming to an end.

Magtanggol Gunigundo, chairman of the Philippine Presidential Commission on Good Government, the body established by former President Corason Aquino in 1986 to recover assets thought to have been fraudulently amassed under the Marcos regime - said the decision was a breakthrough which eliminated obstacles set up by the Marcos family to prevent repatriation of the money.

In recent weeks, there has been renewed activity in Manila aimed at resolving the long-running dispute over the alleged Marcos fortune. Both the government and the Marcos family have urged a final settlement, intensifying speculation that a deal has been struck between the two to secure the support of the Marcos family for the administration's candidate in presidential elections next May.

Differences within the Marcos family over how to negotiate a solution have further complicated what has long been a legal quagmire. The once extravagant lifestyle of the family has been reflected in the fabulous claims and counter-claims about the missing fortune. In September, Robert Swift, the US lawyer representing human rights victims claiming a share of the Marcos money, said there were 1,241 tons of gold sitting in Swiss bank vaults. Gabriel Singson, governor of the Philippine central bank, dismissed the claim as "incredible", saying it would have taken the bank 87 years to amass that quantity.



Marcos: 42-year sentence

under the jurisdiction of another Swiss canton.

Until now, the Swiss courts had ruled that the disputed assets could not be released until Mrs Imelda Marcos, the former president's widow, who also claims the money, was convicted by a Philippine court. Mrs Marcos has been convicted and sentenced to a total of 42 years for corruption, but instead of serving time in prison, she is an active member of Congress. The Swiss federal court has overturned the decision of a lower court and ordered that the money be returned to the Philippines.

However, the transfer of the money will be subject to the Philippine government guaranteeing that it will be distributed by a court complying with United Nations standards of legal process. The Swiss have also asked to be kept informed about deliberations on the award of the money and measures being taken to compensate victims of human rights abuses under the Marcos regime.

The Swiss decision comes just over a week after a US federal appeals court dismissed a lawsuit by Philippine human rights victims

Revolutionary terrorist displays arrogance at first appearance in Paris court

Unrepentant Jackal comes to trial

By Robert Graham in Paris

It was a script locked in a time capsule. When Illich Ramirez Sanchez, alias Carlos, the world's best known terrorist, made his first public appearance in a Paris court yesterday, he behaved exactly on cue.

"Will you state your profession?" asked Yves Cornilou, presiding over the trial in which the 48-year-old Venezuelan is accused of murdering two policemen and an informer in 1975.

"I'm a professional revolutionary in the old Leninist tradition," Sanchez replied in his last known address. "The world is my domain... my last address was Khartoum."

Sanchez was handed over to French special agents in the Sudanese capital, Khartoum, in August 1994 after blazing a trail of terrorist activity from Europe to the Middle East for almost 20 years. His actions include the attempted assassination in 1973 of Marks and Spencer boss Lord Sief, throwing grenades into a Paris drugstore killing two and wounding more than 30 and seizing oil ministers at an Opec meeting in Vienna.

This opening exchange foreshadowed what Sanchez's lawyers indicated in advance would be his behaviour: arrogant, unrepentant and wringing the last ounce of publicity. Faced with a life behind bars and a world

which is quickly forgetting his exploits, he risks being an anecdote of 1970s history alongside other terrorist groups such as Italy's Red Brigades, the Japanese Red Army and Germany's Bader Meinhof group.

Before the trial gets fully under way, the judge will have to decide whether the prosecution in France is legal. Sanchez's lawyers argue that he was kidnapped in Khartoum and that for the past three and half years he has been "illegally" detained in a Paris jail.

The circumstances of his capture remain mysterious. But there is little doubt the French government reached a deal with the Sudanese government which had

afforded him official protection for some three years. He had been an adviser to the defence ministry, living with a Jordanian wife and was a convert to Islam.

In spite of all the books about him, the true character of "Carlos" has remained enigmatic because his life has offered such rich pickings - starting with a wealthy father who names his sons after Russian revolutionaries. The image of an urbane intellectual, seducer of women and enjoyer of the good life sits side by side with an egomaniac with a grudge that led to cynical acts of terror, killing count

less people. This is a man who even after his detention in France was surprised one day in prison with a female lawyer perched on his knee.

His terrorist career has risen and fallen in tune with the prevailing climate of international relations.

"Carlos" thrived on the back of a radicalisation of the Arab-Israeli conflict and the dirty games between East and West during the Cold War.

From early on when he gave up A levels in London to attend Moscow's third world grooming ground - the Patrice Lumumba University in Moscow - he was probably in touch with the Soviet authorities and their intelligence services. For instance he was formally expelled from the university to 1970 for rowdy behaviour

and went to Beirut to link up with the radical Popular Front for the Liberation of Palestine. In the intelligence community some thought this was a convenient cover. East block protection was vital for his career. But ultimately he became too hot to handle. Having used Hungary as a base from 1979-84, he moved on to Syria and then, when the pressure was put on the Syrians by the West to Khartoum.

Not everyone in France thinks it was wise to bring a man with so many murky secrets to trial. A former intelligence officer asked on television this week whether he should have been quietly eliminated, smiled and nodded his head in assent.

Japanese turn to investments on the hoof

Cows? Ostriches? Clients are shunning traditional banks after financial collapses and are toying with new schemes

A Japan's financial problems mount, some consumers have turned to novel ways to beef up investments.

This week two cattle farmers in Nagano region received suspended jail sentences for running an investment scheme offering savers the chance to buy a cow, instead of putting their money in a bank.

The scheme might look rather feudal for the world's second largest economy. It was also illegal, since Japanese law does not consider farmers "authorised financial institutions".

But it rapidly attracted ¥25bn (\$2m) in a small rural area by offering annual returns over 6 per cent (compared with about 0.1 per cent at "authorised" groups such as banks).

Its popularity coincides with signs that consumers are shunning traditional banks after recent financial collapses - leaving a new mystery about where the money is now going.

The Bank of Japan yesterday said deposits at "official" institutions rose a mere 3.3 per cent in September, the lowest annual growth since records started in 1976. This has puzzled the bank, because it does not match consumption and income data. But since September, the mystery has deepened.

When Yamaichi Securities, the country's fourth largest broker, collapsed last month, assets of ¥12,000bn were withdrawn. There have been big outflows from two other failed groups, Sanyo Securities and Hokkaido Tokai, and large cancellations at life assurance groups amid fears of more failures.

Some of this money has gone to stronger Japanese banks. The Bank of Tokyo Mitsubishi, for example, received ¥450bn in new deposits last month. Foreign groups such as Goldman Sachs and Citibank have also been seeing strong business.

But this only accounts for a fraction of the cash. And deposits at the state-owned postal savings system this week are only 1.4 per cent higher than last year. "We have no idea where all the money is," confessed one post office official recently.

Some observers suspect it is vanishing from the statistics because it is quietly going overseas or being kept at home. "There is lots of money under mattresses now," says one western fund manager. "In Japan bank deposits pay practically no interest and there is very little burglary."

But entrepreneurs are spotting a gap. Though the Nagano "buy a cow" scheme was closed earlier this year, others are rumoured to be operating. And an Australian company, Global Ostrich, will start offering Japanese savers the chance to invest by "buying" ostriches next month.

A similar scheme has boomed in Hong Kong in spite of a recent collapse of a similar scheme in Europe, which is still being investigated. "The Asian market crash has greatly assisted us," says Raymond Lamb, managing director, who has high hopes Japanese will soon be flocking to it.

Gillian Tett and John Ridding

Nine leading companies face new accusations

By Gillian Tett and Michio Nakamoto in Tokyo

Japan's corporate image took a fresh battering yesterday after nine new companies were accused of involvement in illegal business practices.

The Japan Fair Trade Commission (JFTC) raided NEC and Toshiba, two prestigious electronics companies, over suspicions that the two have been involved in bid-rigging.

The latest scandal involves postal code sorting machines that the government wants to install at postal offices throughout Japan at a cost of ¥100m to ¥300m each (¥770,000-\$23m).

NEC won orders for 55 machines worth ¥17.8bn while Toshiba will supply 80 machines worth ¥18.5bn.

The JFTC raid comes as an embarrassment for the two companies, which both denied any illegal conduct. "We conducted an internal investigation and we are confident that there was no bid-rigging," an NEC representative said.

Toshiba, in particular, will be stung by the JFTC investigation, as it follows on the heels of revelations in October that the company had made illegal payments to a corporate racketeer group.

If the JFTC decides that the companies had been involved in bid-rigging, in

addition to being slapped with a fine, they could be excluded from some government procurement deals.

Separately, the government also revealed that seven manufacturing and trading companies were implicated in the scandal over hidden *toshibi* losses at Yamaichi Securities.

The companies, which include groups such as Nippon Steel Chemical and Itochu, the trading company, had helped to conceal losses at Yamaichi, Japan's fourth largest broker, which collapsed last month in Japan's largest corporate failure.

The two moves are likely

to fuel international investor unease about corporate ethics in Japan, as the country prepares for its Big Bang deregulation.

Earlier this summer, it emerged that several big brokers had been paying *sokaiya* racketeers - gangsters who blackmail companies, Japan's financial watchdog recommended this week that Daiwa and Nikko Securities be punished for this.

Moody's, the US credit rating agency, threatened yesterday to downgrade their Nikko and Daiwa Europe's debt from their current A3 levels.

Last month, it also emerged that Yamaichi had

some ¥254bn of *toshibi* losses. These are hidden losses which are concealed by shuffling them between accounts.

Rumours that groups such as Daiwa Securities might also hold these hidden losses have recently sent its share price sharply lower. Daiwa strongly denies this.

However, the Japanese parliament yesterday disclosed that seven companies had been involved in Yamaichi's *toshibi* losses. These were subsidiaries of Nippon Steel Chemical, a manufacturing group, Nippon Yusen, the shipping group, Itochu, the trading company, Tokai, the department store, Kanematsu Sogo Finance, a trad-

ing company, Nihon Nohyaku, an agricultural group, and the Mainichi no Shokutaku Centre.

Traditionally, brokers such as Yamaichi have carried out *toshibi* by shuffling the losses from a favoured corporate client to another account, thus ensuring they did not face any losses. This is usually done with client permission - implying, government officials say, that Yamaichi's clients must have known of the illegal deals.

While the revelations are deeply embarrassing, it is unclear that the groups will face any penalties, since the government is still investigating Yamaichi's deals.

Indonesian president cancels Asean summit plans □ Currency markets upset

Suharto health worries unabated



Suharto pictured at his official residence yesterday

By Sander Thoenes in Jakarta

Indonesia's President Suharto yesterday cancelled plans to attend a regional summit next week, fuelling rumours about his health and alarming jittery markets.

His spokesman said the president had followed his doctors' advice not to attend the annual summit of the Association of South East Asian Nations (Asean) in Kuala Lumpur.

Rumours about a possible stroke and even death of Mr Suharto, 76, have circulated in Jakarta and upset currency markets throughout Asia ever since he opted to take a 10-day break last weekend. The president had returned from a gruelling 12-day tour to southern Africa, Canada and Saudi Arabia but his spokesman has

insisted he was just resting.

Mr Suharto has long appeared remarkably healthy for a man who has long surpassed the average Indonesian life expectancy, travelling widely and appearing in public to fish, play golf and speaking at length at numerous events.

German doctors gave him a clean bill of health last year. But throughout his 30-year rule of Indonesia he has carefully avoided grooming a successor and political leaders have been debating more publicly than ever who should be elected vice president next March. Some have dared break the taboo and call for a younger president.

The rupiah had recovered from a 10 per cent plunge on Tuesday on announcements that Mr Suharto would attend the meeting of Asean, which has been a focus of his foreign policy. But the

rupiah closed at an historic low of 5,125.500 against the US dollar yesterday, down 16 per cent from the day before and half its value in July.

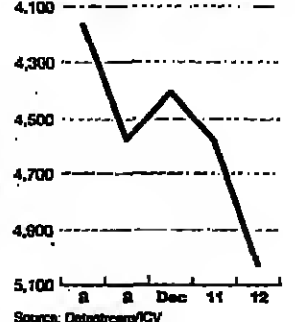
The Jakarta Stock Exchange, which had been boosted earlier by heavy buying from state-owned security companies at Mr Suharto's orders, lost 9 per cent before recovering slightly to 365, from 396.1 the day before and more than 700 in July.

Brokers said sales of stock and rupiah had also been driven by the fall of the South Korean won, the growing amount of short-term debt coming due and widespread disappointment with the lack of government action to implement a reform package agreed with the International Monetary Fund in October.

But brokers got together to compare the only official

Indonesian rupiah

Against the dollar (Rupiah per \$)



photos that have appeared of Mr Suharto this week. They noted that the president's left arm appeared limp and his right eyelid appeared to sag. One large newspaper resorted to printing an old photograph.

However, the president was shown on the evening news standing up and arranging his trousers with both hands before sitting down with his foreign minister. Ali Alatas, who will replace him at the summit, Currencies, Page 9; World stock markets, Page 21

Canada raises interest rates to defend C\$

By Scott Morrison in Toronto

Canada's central bank moved to defend the Canadian dollar yesterday by increasing its key overnight interest rate 50 basis points to 4.5 per cent. The increase came one day after turmoil in Asian markets heightened pressure on the persistently weak Canadian dollar, sending the currency to near 12-year lows.

The bank said volatility in international financial markets, tied to events in Asia, had continued to affect Canadian markets. It hoped the rate increase would contribute to more settled domestic markets in which investors could focus more confidently on the strong fundamentals favouring non-inflationary growth in the economy.

The dollar immediately responded by rising from 70.1 US cents at Thursday's close to 70.4 US cents in mid-day trading, but the currency had slid to 70.3 US cents in the afternoon. The Asian crisis has depressed commodities prices and affected Canada's export potential, thus putting pressure on the Canadian dollar.

Analysts were divided over whether the rate increase would suffice. Some suggested Asian volatility would continue to hurt the currency and prompt another rise before the end

of the year. Others said the bank would probably wait until early 1998 to determine whether yesterday's move would stabilise the dollar. Year-end corporate outflows and an increase in foreign travel typically put pressure on the currency in December.

Canadian bonds, whose performance has been jeopardised by the weak currency, rallied before slipping slightly following the interest rate increase, with the benchmark 30-year 8 per cent bond advancing almost 0.1 in price while the yield slipped six basis points.

The yield on Canada's long bond on Thursday rose above that of its US counterpart for the first time since August. The US benchmark yield remained nine basis points below Canada's.

The bank's fourth rate increase this year coincided with a government report indicating the economy grew at an annualised rate of 4.1 per cent in the third quarter, mostly because of strong consumer demand and business investment.

The central bank had been forced repeatedly to intervene in currency markets in recent weeks to prop up the dollar and observers had expected a rise of between 25 and 50 points. "The Bank of Canada was dragging its feet. It answered critics with this vigorous move," said one economist.

Internal policy review points to over-optimistic feasibility assessments of flawed projects

World Bank 'fails to learn from past mistakes'

By Patti Waldmeir and Mark Szymanski in Washington

The World Bank has failed to learn from past mistakes and continues to initiate flawed projects by giving over-optimistic assessments of their feasibility, an internal review of its lending policies has concluded.

According to the bank's annual report on portfolio performance, which will be presented to the executive board on Tuesday, there has been an improvement in the rate of successful projects, including a decline in the riskiness of the bank's portfolio. However, the review, a summary of which is included in the annual report, concludes that many serious problems remain and

that lessons drawn from past failures are "well known but generally ignored".

The study covered 150 projects across 14 lending sectors, including adjustment lending and public enterprise reform. Its release comes at a time when the bank is preparing to lend \$10bn as part of the \$57bn financial rescue package for South Korea. Since James Wolfensohn, World Bank president, took office 2 1/2 years ago, he has been struggling to revamp its lending operations to increase effectiveness and accountability.

Bank officials say there has been significant progress towards achieving those goals.

According to the bank's operations evaluation

department, the proportion of completed projects which are rated satisfactory has risen from 65 per cent in 1994 to 71 per cent last year.

A culture persists in some areas within the bank to prop up failing projects and implement unsuitable ones

For ongoing projects, the proportion classed as "at risk" of not achieving development objectives has fallen from 40 per cent to 30 per cent.

However, according to the sector reviews, which were concluded earlier this year

by a new Quality Assurance Group set up to help transform institutional practices, a culture persists in some areas within the bank to

prop up failing projects and implement unsuitable ones. "Many factors are at work: pressure to lend; fear of offending the client... fear that a realistic, and thus more modest, project would be dismissed as too small and inadequate in its

impact... and more generally, a conviction held by many staff members that the function of the bank is to help create the conditions for operations to go forward, not to 'sit around and wait', it says.

The board will be presented with the following critique of portfolio performance:

- Failure to ensure that borrowers are sufficiently committed to policy and institutional reform to ensure project success;
- Unrealistic project objectives, including persistent over-optimism and the over-estimation of local capacity to implement the project;
- A tendency to neglect developmental impact and focus on physical progress

when assessing ongoing projects;

- Failure to respond rapidly to correct emerging problems;
- Lack of staff continuity.

The summary notes that most of these issues are not new, adding that "a number of initiatives are already under way to address them". But many analysts worry that after several years of repeating similar criticisms there is still relatively little progress. "It is heartening if the bank is finally recording some improvement, but the report suggests that problems remain deep and pervasive," says Bruce Rich, director of international programmes at the Environmental Defense Fund in Washington.

NEWS: INTERNATIONAL

Microsoft loses Round One but match goes on

By Louise Kehoe in San Francisco

Score: Round One to the US Justice Department. In an initial victory for antitrust regulators, Microsoft, the world's biggest software company, has been ordered by a federal judge to "cease and desist" immediately from forcing personal computer manufacturers to install its internet software.

But the antitrust case is far from over. Judge Thomas Penfield Jackson, while issuing a preliminary injunction against Microsoft, said there were several legal and factual issues still to be determined. He referred the case to Lawrence Lessig, a professor at Harvard University and a specialist in

legal issues relating to the computer industry, for further hearings.

Government attorneys had charged Microsoft with violating a 1995 antitrust settlement agreement by "bundling" its Internet Explorer (IE) software - which is used to access the internet, send and receive email or surf the world wide web - with Windows 95, the most widely used PC operating system. They alleged that Microsoft had restricted competition in the internet software market by forcing PC makers to install IE together with Windows 95, in effect excluding competing internet browser products.

The competition regulators asked the judge to find Microsoft in contempt and

to fine the company \$1m a day. But in his preliminary ruling, Judge Jackson said differing interpretations of the 1995 settlement agreement made it unclear whether Microsoft was in violation. Microsoft maintained IE was an "integrated" part of Windows 95. As such, it was explicitly allowed under the terms of the settlement agreement. This argument was "plausible", the judge said. The government failed to provide "clear and convincing evidence" Microsoft violated a "clear and unambiguous prohibition" in the earlier court order, he wrote in a 19-page ruling.

However, in issuing an injunction, Judge Jackson recognised the anticom-

petitive effects of Microsoft's actions. "The probability that Microsoft will not only continue to reinforce its operating system monopoly by its licensing practices, but might also acquire yet another monopoly in the internet browser market is simply too great to tolerate indefinitely," the judge wrote.

Moreover, the ruling also raised the possibility of further litigation that could seriously impede Microsoft's future product plans. Microsoft's claim that it should have "unfettered liberty" to include whatever functions it might choose in future versions of Windows "stops at least at the point at which it would violate established antitrust laws", the judge wrote.

The court order, which applies to "Windows 95 or any successor version" has also raised serious doubts about Microsoft's plans to launch Windows 98, a version that seamlessly integrates internet browsing and other functions, next year.

Microsoft called the ruling "a balanced decision". The company said it was gratified that the judge did not find Microsoft in contempt of the consent decree and that he would allow further hearings. Officials said the company was confident the court would ultimately conclude the company's integration of IE with Windows was good for consumers.

In the meantime, Microsoft said it

expected PC manufacturers to continue to pre-install IE on their products voluntarily. Yet Netscape Communications, Microsoft's primary competitor in the internet software market, saw the ruling as "an important step in providing a level playing field that allows customer choice." The company said it expected the ruling to stimulate a new round of competition in the industry, enabling it to bid for new contracts with PC manufacturers.

Mr Lessig, who will act as a "special master" on behalf of the court, will report back to Judge Jackson at the end of May.

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Jerusalem census may backfire

Palestinian Authority likely to meet internal opposition in its challenge to Israel

By Judy Dempsey in Jerusalem

The Israeli Knesset rushed through legislation this week preventing the Palestinian Authority (PA) from carrying out a census in east Jerusalem as parliamentarians sought to show that Israel had sovereignty over the entire city.

Israel's sovereignty over east Jerusalem has never been recognised by the international community since its occupation of the eastern half of the city in 1967. When, in July 1990, the Knesset passed a law establishing united Jerusalem as the capital of Israel, all 11 of the foreign embassies in Jerusalem immediately moved to Tel Aviv.

Palestinian officials said the latest legislation showed that Israel was not prepared to wait for "final status" talks, in which the future of Jerusalem will be decided.

Israel has put the city on top of the agenda in recent months by changing facts on the ground, such as building a new Jewish settlement at Har Homa in eastern Jerusalem.

Now the PA has decided to hold for the first time ever a



An Israeli policewoman questioning an Arab woman in Jerusalem earlier this year

Palestinian census and is using it as another brick towards building statehood.

The PA wants to establish how many Palestinians live in east Jerusalem, what living conditions are like and what facilities are available.

This part of Jerusalem has been starved of infrastructure and housing investment and denied building permits for a population that has swelled from 66,000 in late 1967 to almost 180,000 today.

But in attempting the census - and Israeli officials admit it will be impossible

physically to stop the census - it may well backfire for the PA if the cases of Rami and Mustafa are anything to go by.

Rami and Mustafa were born in east Jerusalem and have lived there all their lives. They are skilled craftsmen, with plenty of clients in west Jerusalem.

But when the Palestinian census official knocked on Rami's door he was less than enthusiastic about filling in the census.

"I don't want to live under the PA. It is corrupt. The

rule of law does not exist. There is no democracy," explained Rami, aged 29, who has Israeli identity papers allowing him to reside in Jerusalem.

Rami accepted the census forms, as did Mustafa, aged 27. "But I will not return them. I do not want to legitimize the PA. I do not want to live under it. And I do not want to live in a divided Jerusalem."

But even if there are many Ramis and Mustafas failing

to return census forms, the PA will face another problem establishing an approximate number of Palestinians in east Jerusalem.

This is because many Palestinians - the number is unknown - have lost the right to live in the city because they studied or lived abroad for seven years or gained residency status in another state.

Over the past two years according to B'Tselem, the Israeli information centre for human rights in the Occupied Territories, "a quiet deportation of east Jerusalem's Palestinians has been taking place". If Palestinians could not show they have lived continuously in the city, Israel's interior ministry denied them the right to reside in the city, a policy which Madeleine Albright, US secretary of state, has recently criticised.

The aim of the Israeli policy, says B'Tselem, is to "preserve a permanent majority of Jews in the city so that Israel's sovereignty in east Jerusalem cannot be challenged." It is exactly that sovereignty the PA is hoping to challenge with its census.

Producer prices show further decline in US

By Gerard Baker in Washington

A sharp fall in energy prices produced another decline in US wholesale prices last month, a further indication of the weakness of inflationary pressures in the economy.

The Labour Department said producer prices fell by 0.2 per cent in November, the eighth monthly fall this year.

In the first 11 months of 1997, prices have fallen at a seasonally adjusted rate of 1.2 per cent, compared with a 2.8 per cent rise during all of 1996. Even after excluding volatile food and energy items, the core rate of producer prices fell in November by 0.1 per cent.

The latest evidence of deflation at the wholesale level in the US comes as global prices for traded goods are widely forecast to fall sharply in the wake of the Asian economic crisis.

The steep decline in many Asian countries' currencies and the weakness in demand in those countries are likely to depress prices of commodities and manufactured goods from the region. That



US producer prices
Index in finished goods
(annual % change)

Source: Department of Commerce

should result in a further decline in producer prices in the US over the next year or so.

But fears of a generalised decline in US prices are unlikely to be realised.

While international conditions suggest continuing weakness in product markets, domestic prices are likely to be underpinned by strong growth in demand and the tightest labour market in a generation.

This contrast between external and domestic conditions complicates the deliberations of the Federal Reserve, whose policy-

making open market committee meets next week to consider the next step for US interest rates. Economists expect the Fed to leave rates unchanged, at least until the overall effect on the US economy of the Asian crisis becomes clearer.

The Labour Department said a 0.8 per cent drop in energy goods prices led the November decrease in the index for finished goods. But there were also small declines in finished consumer goods other than food and energy, as well as capital equipment.

A separate report from the Commerce Department showed a slight drop in consumer demand in October as stocks of unsold goods rose at manufacturers, wholesalers and retail stores.

Stocks rose by 0.4 per cent, while sales fell by 0.1 per cent. The ratio of stocks to sales, which measures how long it would take to sell off stocks at the current pace, rose to 1.37 months' worth in October from 1.36 months in September. That points to a probable slowing of production in the next few months as companies seek to reduce their stock levels.

As shoppers prepare for Christmas, experts warn that scarcity marketing runs the risk of provoking a backlash

Parents get to grips with the 'Beanie Baby' problem

By Nikki Tait in Chicago

Feeling harassed as you struggle with the Christmas shopping? Then spare a thought for every American parent whose child wants the latest "Beanie Baby" - a small stuffed teddy-bear named for the late Princess Diana.

The problem with the hot-selling royal purple bear is not its cost - the recommended retail price is \$4.99 to \$6.99. But trying to find a store which has supplies is guaranteed to wear a huge hole in any parent's shoe-leather.

This is the latest twist in one of the most remarkable toy retailing successes in the US in recent years. "Beanie babies", a whole family of

small stuffed toys with names like "Gobbles the Turkey" and "Floppy the Lavender Bunny", were first marketed by Ty, a privately owned Chicago company, three years ago.

But they soared up the popularity charts last Christmas as kids clamoured to collect the whole range. Since then, the hysteria has shown few signs of waning.

Earlier this year, McDonald's, the burger chain, ordered 100m "Teenie Beanie Babies" for a Happy Meals promotion. It sold out within weeks rather than months, prompting angry complaints from many parents. Ty's switchboard was jammed by 50,000 calls a day, and it delisted its number as a result.

Shops, meanwhile, have been robbed for their "Beanie Babies" stocks, and small "mom and pop" stores across the country plaster their windows with handwritten signs advising that "Beanie Babies are here".

The Chicago Cubs baseball team filled its stadium to capacity last autumn when it distributed free "Beanies" to children attending an otherwise unremarkable game.

Part of this marketing success stems from Ty's policy of periodically, but unpredictably, "retiring" certain designs and replacing them with new models.

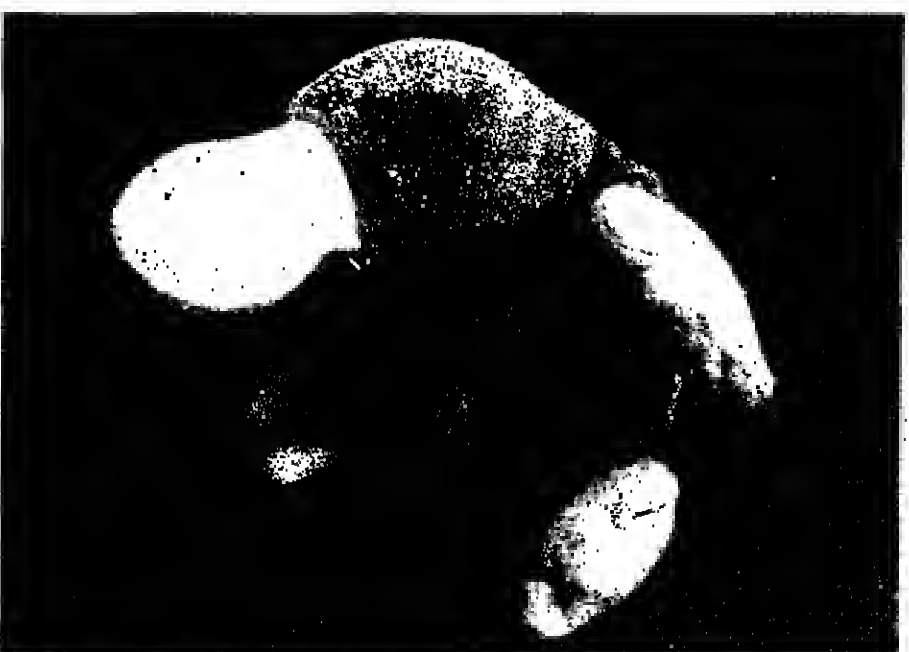
This drives demand and has also created an adult collectors' market. On internet sites some of the \$5 toys, which are made in China,

change hands for hundreds of dollars. The Collectible Exchange, for example, is offering to pay \$1,100 for "Quacker the Duck (without wings)", or \$1,700 for "Peanut the Royal Blue Elephant".

But some retailers see the release of the Di bear in extremely limited numbers just before the holiday season as a fairly cynical sales ploy, and a number of stores are deliberately avoiding the toy as a result.

"We won't be selling them," says a sales assistant in the gift store in the Palmer House Hotel in downtown Chicago, where customers are greeted by a huge tub of more freely available "Beanies".

It says that by the time it had completed formalities



Spare a thought for every American parent whose child wants the latest "Beanie Baby"

with the British - profits from the Di bear will go to the late Princess' memorial fund - it was too late to supply stores in appreciable numbers. Instead, it decided to spread the limited supplies which were available evenly, allocating just a dozen to each retail outlet. It points out that some retailers have decided to raffle off their

limited supplies to prevent customer angst and donate funds raised to charity.

But experts think that scarcity marketing - while hardly a new strategy - is a growing trend and warn that it could be a dangerous strategy, risking a consumer backlash. "I do see this type of marketing being used more and more, to avoid the

high costs of a mass media campaign," says Jim McNeal, professor of retailing studies at Texas A&M University. "But it is high risk... The supplier has very little control."

Ty says buyers just need patience. It says the Di bear will be available in larger numbers in January and probably for all of next year.

Chilean coalition in poll victory

By Imogen Mark in Santiago

Chile's centre-left government coalition secured a comfortable lower house majority in congressional elections on Thursday, but politicians were left pondering why a record number of voters spoiled their votes or abstained.

The result was a disappointment for the governing Concertación even though it won 50.5 per cent of the national vote against 36 per cent for the opposition with 98 per cent of the votes counted.

It had expected to keep the 53 per cent share of the votes it won in 1993, and had hoped to increase its seats in the Senate by three or four seats from 21 to give it a working majority in the 45-seat House. In the event it lost one place overall in the Senate, and kept its 70-seat majority in the lower house.

Within the coalition, the Christian Democrat party saw its overall share of the votes reduced from 27 to 23 per cent, while the leftwing parties stayed stable at 23 per cent.

Almost 18 per cent of the voters spoiled their votes or abstained. In the last congressional elections in 1993, the total was only 9 per cent.

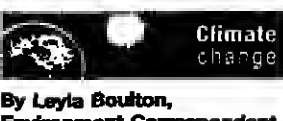
On top of that almost a million young people, or 10 per cent of the total potential electorate, did not register. In Chile, signing on to the electoral roll is not obligatory, but once registered every citizen is obliged to vote or be fined.

President Eduardo Frei said it must "listen to the voice of those who abstained or spoiled their votes". He said he was "concerned at the absence of thousands of young people from the polls."

The leading rightwing party, Renovación Nacional, also saw its lead over its coalition partner cut sharply. Renovación's controversial leader, Andrés Allamand, failed to get elected for the Senate in Santiago, losing to his coalition partner, Carlos Bombal of the far-right Unión Demócrata Independiente (UDI), and to Alejandro Foxley, the former finance minister.

Mr Allamand said Mr Bombal's victory was a success for the "pragmatism" of the UDI.

Kyoto deal puts pressure on Japanese fail to pull off diplomatic coup



By Leyla Boulton, Environment Correspondent

The first thing governments will have to do after celebrating the deal at Kyoto on combating climate change is to decide how they are to achieve targets that have been dramatically revised by the negotiations.

The European Union, for one, will feel more at ease about trying to implement plans it insisted would be largely unchanged.

These include doubling "cogeneration" - which enables factories and housing to generate heat and power simultaneously with an efficiency rate of 80 per cent - to 18 per cent of all energy generated. But it will also lose some urgency in trying to wrest energy efficiency improvements from the car industry.

Business argues that households should play a greater role. Indeed the UK government has already said it will not take any measures

that penalise British companies to implement its ambitious 20 per cent target for cutting carbon dioxide emissions by 2010. This is likely to put more pressure on households to save energy and on industry to sell them more energy-efficient consumer goods such as refrigerators.

It will also require more investment by governments and the private sector to reduce reliance on cars by improving public transport.

Japan, meanwhile, will have to reinforce further its already considerable efforts to cut energy waste and promote new technologies such as solar power.

The World Energy Council, which represents energy sectors in 100 countries, says that eliminating energy waste using existing technology alone could curb emissions by 30 per cent.

But the rationale for agreeing emission reduction targets in stages, starting with a cut by 2010, is to give industry sufficient lead-time to make improvements as they change capital stock.

In the longer term, Kyoto is likely to be seen as a powerful signal to business and households to get on with changing the way they use energy from fossil fuels.

It will also provide a powerful boost to both energy-efficient technology sales, and the development of renewable energy sources.

"The important point of Kyoto is not the percentages for reduction targets but the signal it sends to the world to reduce CO₂ emissions," says Isao Iwabuchi, head of the carbon dioxide committee set up by Kaidanren, the Japanese business federation, to tackle emissions of the most important greenhouse gas.

There are a number of steps that automatically follow on from Kyoto at the official level.

● The rules for emissions trading are to be decided at the next international conference in Buenos Aires in November 1998. The Kyoto deal is unique in having established an international market mechanism to tackle an environmental problem.

A UN-sponsored pilot trading scheme involving a dozen countries and several companies is to begin in the meantime. It is expected to start building the standards needed to prevent fraudulent transactions and to ensure that emissions are accurately reported by countries and companies.

● The US is expected to assemble diplomatic support in time for Buenos Aires so that developing nations are allowed voluntarily to assume their own greenhouse gas emission curbs and take part in the trading scheme. This is a key condition for the US to submit the Kyoto accord to the Senate for approval. It has time on its side as the treaty is not expected to come into force for at least a couple of years.

● The treaty will be open for signature by governments for a year from next March. It will then become law only once it has been ratified by the parliaments of a sufficient number of countries to cover at least half the world's emissions of greenhouse gases.

By Bethan Hutton in Kyoto

When Japan volunteered to host the United Nations conference on climate change, it was widely seen as Japan's opportunity to demonstrate its international leadership and qualifications for a permanent seat on the UN Security Council. The reality has turned out to be different.

Most of the leading Japanese figures at the conference have attracted more criticism than praise. Hiroshi Kido, the Japanese environment minister, who was president of the conference, failed to make a strong impression.

What is more, his objectivity was questioned - at one stage he appeared to support attacks on the EU position.

The final crack in his image was his highly publicised dithering on the last day of the conference about whether to return to Tokyo for a vote of no confidence in the government, or stay in Kyoto to preside over the crucial final session. By the time he decided to stay, the damage had been done.

Toshiaki Tanabe, Japan's main negotiator, did no better. He alienated key parties with indiscretions such as letting slip details of telephone conversations he had with Stuart Eizenstat, the chief US negotiator, and telling journalists the US was willing to increase its target at a time when US delegates were denying any shift.

Several weeks before the conference, Ryutaro Hashimoto, Japan's prime minister, said if necessary he would step in at the last moment to broker a solution. A series of phone calls he made to other world leaders may have helped, but the real action was on the ground in Kyoto - and as negotiations reached a final frenzy, Japan was virtually sidelined.

Few delegates will criticise Japan publicly, but there have been frequent mutterings in the corridors. John Gummer, the UK's former environment minister, whose current status as an opposition MP allows him to be less tactful, said: "Japan has performed badly, they

have been run by the Ministry of International Trade and Industry, and they have been some of the most difficult people to negotiate with."

Japan, of course, denies that the thought of a place on the Security Council ever crossed its mind in the preparations for Kyoto. One senior official explained that the aim was to increase Japan's "internationalisation" and raise the profile of environmental issues domestically.

No one, however, is saying the words Japan was at heart hoping to hear - that the event was a triumph of Japanese diplomacy and negotiating skills. The truth is that Japan's traditional methods of consensus building may be unsuited to meeting tight deadlines from a starting position of such widely diverging views. The more robust tactics of Stuart Eizenstat, the UK's John Prescott, and most particularly Raul Estrada-Oryuela appear to have been more effective in these circumstances.

السلامة العامة

£1m membrane prevents early-morning blaze spreading to airport's Terminal One

Fireproof roof averts disaster at Heathrow

By Michael Skapinker and Brian Groom

A recent £1m investment in a new roof membrane saved London's Heathrow from disaster yesterday after a fire broke out above a restaurant at the airport. The blaze caused disruption to thousands of passengers and severe congestion on the roads.

The fire entered an air duct above a Burger King restaurant in the airport's Terminal One in the early hours of Friday morning. The blaze spread to the roof where it set blazes on fire.

The flames could be seen for miles around. But BAA, the airport's owner, said the fireproof membrane, installed a year ago, prevented the fire from spreading into the terminal building itself.

The company said although the roof blaze

looked spectacular from the outside, internal damage to the building was limited. Flights at the terminal resumed yesterday afternoon.

BAA said it expected some disruption at Terminal One today because several aircraft that had been delayed or diverted were in the wrong position. The company advised travellers to expect from Terminal One to check with their airlines before setting out for the airport. It did not expect flights to be seriously delayed at the airport's other three terminals.

BAA said a new alarm system had helped it to pinpoint the location of the fire, allowing emergency services to reach it within three minutes. The company said: "All the fire and emergency procedures worked."

Nevertheless, it took fire services three hours to bring the blaze under control.



Damping down: it took fire services three hours to control the blaze after the terminal was quickly evacuated, said BAA

BAA said it could not yet estimate the cost of the fire but added that damage to the terminal, Heathrow's biggest, was restricted to a small part of the building. The company said losses from damage to buildings and the delayed flights were fully covered by insurance.

Heathrow is the world's busiest international airport and Terminal One would

expect to handle 70,000 passengers on a Friday. However, when the fire broke out at 4.38am, there were only 150 people in the building, most of whom were staff. BAA said it had little difficulty evacuating the terminal.

When the terminal reopened yesterday afternoon, little damage was visible, although the Burger

King restaurant was roped off. Des Wilson, BAA's corporate affairs director, said: "When our people eventually got in they were pleasantly surprised. My guess is that we will get back to normal quite quickly."

BAA said that 307 flights were cancelled yesterday as a result of the blaze. Mr Wilson said: "The overall effect on air traffic was no greater

than if it had been closed by adverse weather." He said the main problem had been traffic disruption on roads leading to the airport. These were closed during the morning rush hour, leading to extensive traffic jams and delays at other terminals. Flights at the other three terminals were delayed by an average of one hour and 20 minutes yesterday.

Irish policy move fails to placate

By John Knapman, Chief Political Correspondent

The British and Irish governments last night sought to draw Northern Ireland's parties into a new constitutional framework by setting out a list of policy areas in which the governments already co-operate.

A joint statement issued ahead of talks in Luxembourg between Tony Blair and Bertie Ahern, the two prime ministers, is likely to be seen by unionists as increasing pressure to agree to a cross-border authority

between Ulster and the Irish republic as part of a settlement.

The Ulster Unionists were yesterday still angry at the visit to Downing Street by Gerry Adams, Sinn Féin president, and other members of the IRA's political wing.

David Trimble, Ulster Unionist leader, described Thursday's controversial meeting as a "silly little stunt".

Asked about a request from Mr Adams to Mr Blair to encourage a meeting between Sinn Féin and the Ulster leadership, Mr Trim-

ble said: "It would only feed his ego, which doesn't need it, and more importantly it would enforce his delusions."

Mr Trimble warned Mr Blair that future meetings with Mr Adams might jeopardise Ulster Unionist co-operation in the search for a deal, which the British and Irish governments say must be struck by May.

"We think the prime minister has made a mistake by inviting Sinn Féin to Downing Street and we think the only person who will be damaged by this affair is Mr Blair," he said.

British officials have indicated to their Irish counterparts their satisfaction at what they called the professionalism and realism of the position to the multi-party talks which was set out by Mr Adams and his team.

The significance of the latest Anglo-Irish statement, entitled "Programme of co-operation between Ireland and the UK", belies the bland language in which it is written.

Its purpose appears to be to outline the areas in which both governments will have a say under new arrangements for Northern Ireland.

These include transport, trade promotion, social security co-operation, agriculture, fisheries and food safety, youth training initiatives and closer school links.

Foreign affairs and relations with the European Union would almost certainly remain under UK government aegis, although greater co-operation on tackling crime and immigration would be envisaged.

The statement also indicates possible approval of some form of broader council of the two islands, proposed in September by Mr Trimble.

BSkyB royalties rule to be challenged

By Alice Rawsthorn

Composers and songwriters plan to challenge this week's ruling by the Copyright Tribunal on the amount of money they are paid by BSKyB, the satellite television channel, for the right to play their music.

Guy Fletcher, chairman of the British Academy of Composers and Songwriters, said that it was seeking legal advice to try to overturn the ruling that BSKyB should pay royalties of £3m (\$4.9m) to composers and music publishers this year, rather than the £15m they had asked for.

"The composers' complaints follow a long running row between them and BSKyB, over the level of royalties paid by the satellite channel."

BASCA is also waging a legal battle against EMI, the music group, over up to £60m in allegedly unpaid publishing royalties for thousands of 1960s and early 1970s songs.

When BSKyB was formed in 1990, the channel argued that because it was a new venture it could not afford the royalties paid by established broadcasters such as the BBC and ITV.

The Performing Rights Society, which collects royalties on behalf of composers and publishers whenever their music is performed, agreed to accept a fixed sum of £600,000 as a temporary measure.

Since then, BSKyB's audience has grown, and the company has become extremely profitable.

The PRS claimed the channel should pay a proportion (up to 3 per cent) of its income from advertising, sponsorship and subscriptions to composers and music publishers.

BASCA estimates that some composers receive as little as 20p for every minute their music is played by the satellite channel compared with £20 or £30 for an equivalent performance on the BBC or ITV.

Canned tea aims at cola sales

By Maggie Urry

Brooke Bond thinks it has got hot canned tea in the bag.

Unilever's tea and coffee business has spent three years and around £10m (\$16.5m) developing hot cans which will be sold in newsagents, corner shops and petrol stations.

About 500m cups of tea are drunk each year in the UK but only 130m are consumed outside the home.

Brooke Bond is hoping to displace colas and other soft drinks sold to people to consume "on the hoof".

The ring-pull tins will be kept at 13°C, an acceptable drinking temperature, in a heated cabinet on the shop counter.

Five drinks will be on offer; PG Tips tea with or without sugar at

55p, Red Mountain coffee, with milk, and either sweetened or unsweetened, at 60p and Choko, the leading French hot chocolate brand which Unilever recently acquired, also for 60p.

From early next year, Manchester consumers will be able to try the drinks, and research suggests the market could total 400m cans worth £240m a year once the product is available nationally.

John Coombs, marketing director of Van den Bergh Foods, Unilever's food and drink subsidiary, said: "If we only achieve half the level of sales all our volume projections are saying, we've still got a financially viable business."

After six rounds of consumer tastings and product

reformulations, Mr Coombs says the five drinks meet the tastes of 85 per cent of consumers. Other lines, such as black coffee, are planned.

He said substantial technical research went into producing a drink capable of retaining a "fresh" taste for up to five months on a shelf, and up to a week in the hot cabinet.

"Next time you're out and about and want a really good cuppa, you've got a straight choice - tea or coke, coffee or lemonade."

Brooke Bond said that tea was the hardest drink to convert into can form and eventually it came up with a formula of freshly brewed PG Tips and milk powder.



Big idea brewing: canned tea will go on sale first in Manchester

Government intervenes to negotiate agreement between miner and generators

Emergency meeting to save coal jobs

By Simon Holberton and David Wighton

Geoffrey Robinson, Treasury minister, has called an emergency meeting with power industry chiefs and Richard Budge, chief executive of troubled coal group, RJB Mining, for Monday afternoon to hammer out an agreement to save pits and jobs at RJB mines.

The government has been stung by the generators' failure to endorse a statement in the House of Commons on Wednesday by Tony Blair, prime minister, that they

had agreed in principle to buy more coal from RJB.

Mr Blair may face further questions on coal next Wednesday and the pressure is on Mr Robinson to broker a credible deal between the generators and RJB.

The mining group, which owns most of Britain's deep coal mines, faces a 10m-tonne shortfall in orders from next April. If RJB is unable to find other markets it might have to close up to eight deep mines with the loss of 5,000 jobs.

However, one big generator warned that anything

agreed would have to be non-discriminatory. "We can't agree to buy any new coal without first going out to tender," the company said. "We'd have the EU and other producers down on us if we did that."

Eastern and National Power, power generators, are likely to argue that they have done quite a lot to help RJB through the contracts they have recently negotiated with the company.

They believe PowerGen, which has yet to buy any coal from RJB for the period beyond next March, has to

indicate what it would be prepared to buy before they could commit themselves to further purchases.

Mr Robinson's intervention was seized on by John Redwood, the opposition industry spokesman, who claimed the paymaster general had turned "a dangerous middle into a calamitous mess".

Mr Redwood also called for a statement on what the government had offered the generators in return. But colleagues of Margaret Beckett, the chief industry minister, said the paymaster general

had no authority to offer any concessions and had been brought in as a "wheel-dealer". Mrs Beckett was said to have been very keen to get Mr Robinson involved.

"It was vital to get the Treasury on board to show Whitehall that the government was serious about the coal industry," said one of her colleagues.

Industry analysts said they doubted that the government had offered the generators any *quid pro quo* for supporting RJB.

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Legislation outlined to guarantee freedom of information

John Mason and Nancy Dunne report on proposals for greater transparency extending beyond government to the private sector

The government's proposed freedom of information legislation could make the UK one of the most open societies in the world, according to David Clark, the public services minister.

The much-delayed policy paper, unveiled this week, calls for an independent commissioner who would have statutory powers to force officials to provide members of the public with documents on demand.

All government departments, non-departmental government bodies, local authorities, the state health service, schools and colleges, public service broadcasters and privatised utilities will be included, along with parts of the armed forces, the police and courts.

The measures are poised to have a significant impact on business, bring-

ing companies fresh opportunities as well as new problems.

Greater transparency should help companies by providing them with more information when tendering for public contracts or dealing with regulators. But companies may also have to reveal sensitive information previously hidden by commercial confidentiality agreements.

The breadth of the proposals - that will cover companies performing public functions - has surprised many. The proposed disclosure requirement stipulates that only information likely to cause "substantial harm" can be kept secret.

This proposal has pleased freedom of information campaigners but seems certain to worry businesses.

Richard Thomas, director of public

policy at Clifford Chance, the City of London law firm, said the crucial consideration was: "How will the new arrangements prevent the disclosure of detailed financial and other pricing information which could cause considerable commercial damage if placed in the public domain?"

The all-important detail of the legislation remains to be decided and fierce lobbying is about to begin.

However, the policy paper's principles suggest the limits on commercial confidentiality will be considerable. They include:

● Disclosure to be made on a presumption of openness. The paper says "unsuccessful bidders need to know why they were unsuccessful and how they could succeed next time."

"For the public, it is important to

know how much central government services cost, no matter who provides them. Commercial confidentiality must not be used as a cloak to deny the public's right to know."

● Disclosure to be refused only if "substantial" harm would be caused. That covers trade secrets, sensitive intellectual property or data that may affect share prices.

● Information given in confidence, for example by experts, will be treated "with regard to the law of confidentiality".

Maurice Frankel, director of the Campaign for Freedom of Information, said the paper could lead to a better act than in many other countries.

How the legislation may work in practice is another issue. The US experience provides some useful indica-

tions, he said. There, the commercial confidentiality safeguards are, in practice, sufficient to prevent significant companies discovering their rivals' best-kept secrets.

The US act has exemptions to protect business secrets. Businesses that might be damaged are consulted before the release or denial of data. Requests and agency responses can be challenged in court.

The US Freedom of Information Act provides business with a useful tool, which it uses frequently. Its main value is to show how regulatory authorities work in practice. It has also led to better informed public procurement processes.

The environmental protection agencies are among the larger recipients of FOIA applications, many from compa-

nies that want information on how their competitors are complying with clean air and water rules. Businesses cited by an EPA for not abiding by regulations often seek additional information to challenge its findings.

The International Trade Administration said companies used the law by seeking potential business partners and export assistance centres. Some ask for information on old treaties and trade pacts; others want to know which competitors seek help at foreign consulates.

But many find the system so cumbersome and unreliable they have given up trying. "To get anything from some agencies you are required to go to court," said one lawyer who sent a request to the Customs Service more than a year ago, with no response.

UK NEWS DIGEST

Minister's trust was not probed

Treasury officials made no inquiries into the controversial family trust of Geoffrey Robinson, the Treasury minister, when advising him about his financial interests, it emerged yesterday. Sir Terry Burns, the permanent secretary at the Treasury, revealed that his advice to Mr Robinson focused on his beneficial interests and not on the Guernsey-registered Orion Trust. The opposition Conservatives claimed that Sir Terry's comments implied that Mr Robinson had not revealed the full details of the family trust to officials.

Peter Lilley, the shadow chancellor of the exchequer, released a letter from Sir Terry in which he said there was no reason to examine the trust because "this vehicle already existed, and offered similar protection to that provided by a blind trust". Sir Terry merely advised Mr Robinson to transfer his beneficial holdings into a blind trust. Mr Lilley claimed the reply showed that Sir Terry had not been told of the transactions that took place last year between Stenbell, a company controlled by Mr Robinson, and the family trust.

David Wighton

TAX COLLECTION

Accountants 'stockpiling' forms

The Inland Revenue believes that up to 1.3m completed tax forms are being stockpiled by accountants who are planning to file them at the last minute because they think it will reduce the chances of a tax inquiry. Doug Smith, overseer for the Revenue's self-assessment project, said accountants were entering a "high risk area" if they held on to clients' forms right up until the final deadline of January 31.

He said the flow of forms under the new tax system, which involves more than 8m individual taxpayers, had slowed to a "trickle" since the first deadline passed in September. Until then, forms could be sent in for calculation by the Revenue. Any forms submitted after that deadline have to include a calculation of the tax bill. It is estimated that up to 1.3m of the 3m forms yet to be filed are with accountants who will do the calculation for clients.

Jim Kelly

PUBLIC HOUSES

Conservatives to block glass bill

The opposition Conservatives last night pledged to block legislation that would force pubs to sell beer in oversized glasses. Supporters of the bill, which has government backing, had earlier claimed that it was likely to become law after being given an unopposed second reading. But Cheryl Gillan, the shadow consumer affairs minister, said the Conservatives would try to block the legislation at a later stage.

The bill has the strong support of Nigel Griffiths, the consumer affairs minister, who has mounted a long campaign against the serving of short measures in pubs. But many publicans are fiercely opposed to the move which they warn would lead to higher prices and less choice. Tim Hampton, of the Brewers and Licensed Retailers Association, said some chains had introduced larger glasses successfully but accused the government of acting like the "nanny state".

David Wighton

SOCCER

Goalkeepers get suspended bans

Bruce Grobbelaar and Hans Segers, the goalkeepers at the centre of soccer's three-year match-fixing saga, were yesterday cleared to resume their careers when the Football Association imposed suspended bans and fines on them for breaking the sport's betting rules. The two players were acquitted in August of allegations they received payments to fix the results of Premier League matches for a Malaysian gambling syndicate. But part of their defence included an admission that the players took money in return for forecasting the results of games. The FA deemed this as in breach of its rules on betting, an offence that would normally warrant a half-year ban from the game. However, the FA said the players' punishments of a six-month ban and a £10,000 (\$16,500) fine were suspended for two years because Grobbelaar and Segers had already suffered severe financial hardship because of the match-fixing allegations.

Patrick Harverson

PARLIAMENT

Boost for 'whistleblower' bill

An MP's bill to provide legal protection to people who "blow the whistle" on fraud, crime and malpractice at work yesterday received a second reading in the House of Commons and looks set to become law. The government said the bill to protect whistleblowers acting in the public interest, launched by Richard Shepherd, a Conservative MP and longstanding campaigner against official secrecy, would "receive the necessary time" to pass through parliament and reach the statute book. "Workers who disclose wrongdoing at work should be protected from victimisation by their employer," said Ian McCartney, corporate affairs minister. "The government therefore fully supports Mr Shepherd's bill."

Liam Halligan

IMMIGRATION

Asylum seekers win test case

Asylum seekers today won a High Court test case to prevent a London municipal authority forcing them to live outside the capital while their futures are decided. The ruling will halt the trend among London authorities to move single asylum seekers to seaside towns. Backed by the Medical Foundation for the Care of Victims of Torture, seven asylum seekers successfully challenged the London Borough of Newham's decision to send them to south coast town of Eastbourne. Their lawyer, Stephen Knafler, said there were "compelling psychological and spiritual reasons" why those who had suffered torture and ill treatment in the countries from which they had fled should be allowed to remain in the capital where they could benefit from support of established communities.

FINANCIAL TIMES

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Won down, more to go?

At the start of this year South Korea was the ninth largest economy in the OECD club it had joined in December 1986. At yesterday's exchange rates the dollar value of Korean gross domestic product had more than halved and the country had sunk to number 17 in the 29-member OECD hierarchy. To the layman this seems, at the very least, bizarre. Has the value of Korean GDP really shrunk to this astonishing extent within the year? Or has the foreign exchange market taken leave of its senses?

Debt problems

Certainly the markets give a very misleading impression of Korean economic strength. Despite its size, the economy can still - when things go right - sustain a 7 per cent growth rate. The government's budget is in balance, public spending takes little more than a fifth of GDP and South Koreans save around 18 per cent of disposable income.

A current account deficit of 2½ per cent of GDP is scarcely a worry when exports grew at an annualised rate of around 20 per cent in the first half of this year. The subsequent fall of the won suggests that the deficit could disappear in next to no time, as the biggest of the *chaebols*, Korea's conglomerate exporters, make hay with a cheaper currency.

Why, then, are the markets all awry? The answer, in a word, is debt. It is common for Korean companies to borrow as much as three to four times their equity capital. And since the rate of interest on dollar- and yen-denominated debt has been much cheaper than domestic rates, companies have borrowed heavily overseas.

This was manageable when the economy was growing rapidly and the won was stable. But domestic demand has slowed dramatically, as business has retrenched after earlier over-investment. Cash flow is inadequate to service debt. So companies have foundered and the rating agencies have belatedly downgraded Korean banks as bad debts have piled up.

This has caused the currency to collapse, leading to a vicious circle. As the won falls, the corporate debts grow bigger. And as the mainly short term debt falls due, companies are forced to sell won to buy foreign currency to pay off foreign banks. So the collapsing currency is less a matter of irrational behaviour than a reflection of

the vicious debt squeeze.

There is only one way to stop such a dizzy downward spiral. The government has to stabilise the markets. And since the Korean government does not have unlimited reserves it has been forced to call in the International Monetary Fund. Yet the spectacular further collapse of the won this week indicates that the IMF has failed to restore confidence.

Part of the problem is a lack of candour on the government's part. It did not help confidence by pulling a wad of hitherto unrevealed liabilities out of its back pocket and announcing that short term debts suddenly exceeded \$100bn. Nor do the markets believe that the politicians want to implement the IMF's program.

Yet the IMF is also part of the problem. Its recent experience lies chiefly in dealing with profligate governments, not countries with private sector debt problems. By calling for a draconian monetary squeeze and tight fiscal policy it will ensure that Korean balance sheets are further weakened.

The worry for Europe and the US is that if Korea suffers a financial meltdown, banks elsewhere may suffer contagion. And as the wobbles in the Hong Kong market implied this week, there is a risk that China may feel obliged to devalue again.

If the world is not to be overtaken by deflation, the West will have to act as an importer of last resort to allow troubled Asian economies to escape from excess industrial capacity and financial distress. It will be hard enough to avoid trade frictions on the basis of the devaluations that have occurred to date. Further currency depreciation led by China would dramatically increase the risk of protectionism.

Deflation worry

The remarkable feature in all this is that the nervousness of markets outside Asia has not been greater in the face of poorer prospects for corporate profits and increased uncertainty. The biggest question mark hangs over Japan, where the banking problems are far greater than Korea's.

Much will hinge on the fiscal measures to be announced in Japan next week. But others must play their part, too. With financial systems under serious strain, it will require central bank skill and a fair dose of luck to see the world economy to firmer ground.

Tale of two Cities

The SBC-UBS merger has turned the focus of the financial sector in London from bonuses to job insecurity, writes Clay Harris

The best of times and the worst of times collided in the City of London this week. No sooner had the financial marketeers dealt with their annual outbreak of bonus envy over pay packets than fear replaced greed as the main talking point in the Square Mile.

A lot of people are looking on this as the last big pay cheque. "A lot of people are looking on this as the last big pay cheque," said one bond salesman. Anticipation of record bonuses has suddenly given way to a surge of job insecurity.

What changed the landscape overnight was a decision made in Zurich - the merger agreement between Swiss Bank Corporation and Union Bank of Switzerland to create the world's second largest bank. Integration is expected to result in the loss of 13,000 jobs worldwide. Over 3,000 of these losses will come in London, more than anywhere except Switzerland.

The job cuts - substantial though they are - might not have been enough by themselves to change the mood of one of the world's three largest financial centres more or less overnight. But they have come after a couple of months of stock market jitters around the world. They are occurring at a time when the financial travails of South Korea could, if the worst came to the worst, severely dent the earnings of banks in the US, Europe and, especially, other emerging markets.

Most importantly, they are happening at a time when, paradoxically, the investment-banking business is in healthy shape despite wider worries in the markets. The mergers and acquisitions business has also been booming. Yet still jobs have been cut.

In a business inured to cyclical reversals of fortune and slowly awakening to longer-term changes (notably the globalisation of capital markets), the loss from the Swiss merger was a heavy blow in City morale.

Schadenfreude among the usual jokers was tempered by shivers that they could be next in the shakeout. "People who've been around know it's not a blip, and the economic realities have changed," one investment banker said. "It's very rare that you get layoffs during good times," agreed one leading City headhunter.

The City had been able to shrug off the loss of 300 jobs at Yamachi Securities, which filed for bankruptcy in November. It could also ignore the shadow over 40 jobs at Yasuda Trust Europe, the London-based operation of the troubled Japanese house. Both could be seen as inevitable consequences of problems at home in Japan. The Swiss merger was different in more than scale.

SBC and UBS are not falling. Their securities and investment banking operations ranked in the



top five in several league tables for 1997 so far. They also ranked in the top five in the most recent surveys by Eitel and Reuters of banks with the best reputations for research.

They were also profitable - if not profitable enough in the current demanding climate for returns on equity. This factor had already prompted Barclays and National Westminster Bank to retrench considerably with disposals and closures.

Although the SBC-UBS merger was driven largely by domestic

considerations in the over-banked Swiss retail market, the combined investment banking operation would be able to justify itself only if costs were pruned ruthlessly. And it is that process which has implications going far beyond two Swiss banks.

Even merchant bankers at institutions not yet affected by cost-cutting, or insulated by their ownership structure, acknowledged there was a certain ironic justice at play.

Corporate advisers have long encouraged clients to make take-

overs or streamline their businesses to boost earnings, often at the cost of thousands of jobs. Now, they are finding chickens coming home to roost.

In spite of unprecedented corporate activity in Europe and mega-deals in the US - and in the face of every expectation that both will continue next year - investment bankers are now being confronted with overcapacity in their own business.

For European banks of the size of SBC or UBS before their merger, the pressure is being increased by the growing competition from US investment banks like Merrill Lynch, Morgan Stanley, Goldman Sachs, Salomon Smith Barney and JP Morgan. "Sheer size and power will dominate the market," one banker said. As the big get bigger, medium-sized banks will have to merge, or seek niche markets.

Leaving aside the sector-wide trend, the SBC-UBS merger has had a particularly potent effect in stocking job insecurity because of the way it was handled. Financiers were rattled not only by how many people were to lose their jobs, but who and how they were chosen.

It was no surprise that something was in the offing. Speculation had surrounded UBS's investment banking side for months: some had expected a reorganisation to be announced when UBS held its autumn press conference a month ago.

But when rumours became reality, what was billed as a merger of equals quickly emerged as a disguised takeover by the smaller SBC, especially as it affected jobs in London. Bosses have barely paid lip service to the promise that the cull would be even-handed or even open-minded.

"Regardless of where the people come from, the best will be taken," Mathis Caballavetta, UBS's chief executive and chairman-designate of the combined group, said on Monday. But SBC's Warburg Dillon Read subsidiary was to be the "platform" for the merged investment banking business and Mr Caballavetta admitted: "The overwhelming reductions will come from our side."

Succeeding days proved that to be an understatement. It rapidly became clear that SBC was in control, and retentions from UBS would be the exception rather than the rule. Even people whom SBC had been trying to poach from UBS before the merger appeared to be getting the cold shoulder and various jobs announced as part of the integration process appeared to be little more than window-dressing. Some UBS staff felt betrayed by their Zurich masters, who had left even senior London-based executives in the dark and thus unprepared for the inevitable sharp elbows at close quarters.

The City is a chatty place, especially in the bibulous weeks before Christmas, and it has not taken long for the lessons to be absorbed. Consolidation is coming, more jobs will be lost, and politics may outweigh meritocracy in choosing who gets and keeps them.

But does this make the huge compensation packages that stoke so much excitement and envy an endangered species? For the many, it may. For the few, however, it just means there will be more dosh to go around. "The ones who are left will get more, not less," said one compensation expert.

Even before the SBC-UBS merger, many were sceptical of the 20-30 per cent figure being mooted as the average rise in City bonuses for 1997. They expected a lower level generally, albeit with spectacular exceptions for star traders and those in high demand, such as information technology specialists preparing systems for Enx and the year 2000.

They also noted that securities houses were trying to keep bonus expectations within bounds, not just for 1997, but for the future. The UBS experience should strengthen their negotiating hand.

Jonathan Baines, managing director of City headhunter Baines Owiner, said: "This is a significant block of high calibre staff coming on to the market, and although one should not discount the appetite of others to fill the gaps in their business, this should ease the upward pressure on compensation for some months to come."

Another headhunter said: "I think employers will use it to their advantage," especially in resisting demands for inflexible contracts. "The top firms have not paid multi-year guarantees as a rule, but some of the lesser tier firms have." The largest investment banks may also try to persuade employees that, in the words of one banker, "there's a premium to pay for working at a top-notch firm". In other words, accept less now in return for a more secure future. He added: "Pay now perhaps has less of a lead on all the factors which influence where where you work."

There are already signs that this boom is not like others. The City has seen less conspicuous consumption than in the yuppie heyday of the mid 1980s; provident ants have the upper hand over profligate grasshoppers. One banker said: "The kids who are earning the money - I don't see when they get time to spend it. They're lucky to get one weekend off in five."

One trader said most of his colleagues looked to the future without illusions. "Bonuses are paid to stash, to put aside. A lot of people assume that someday it's going to happen." Whatever it may be.

LETTERS TO THE EDITOR

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Arab reticence over Iran's role

From Mr Martin Kramer.

Sir, The Financial Times ("Iran comes in from the cold", December 9) has succumbed to Iranian propaganda about what the FT calls the "high-level turnout" of Arab states for the Tehran Islamic summit conference.

This is, after all, a summit conference, not a conference of foreign ministers. Yet there are no Arab heads of state from North Africa - that is, Egypt, Libya, Tunisia, Algeria, and Morocco. In the Arab Gulf, only Kuwait and Qatar are represented by heads of state. At a summit conference, representation by anything less should be described as a "low-level turnout".

A more astute reading would suggest that Arab governments are still deeply reticent about Iran's regional role and its support for Islamism. By low-level representation, they have found a way to defend their interests in Tehran without embracing Iran's regime or its policies.

Similarly, your paean to Iranian "moderation" on (of all things) the peace process has now been thoroughly punctured by the uncompromising conference speeches of both Ayatollah Khamenei and president Khatami. (The former called land-for-peace a "joke".) In the rush to acclaim Iran's moderation, one may choose to ignore facts. But one should not make them up.

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Brussels 'gold' lost to the UK's farmers

From Mr James Provan MEP.

Sir, You uncharacteristically swallow UK Treasury propaganda without question in your article on the government's refusal to provide financial relief to farmers following the strong rise in sterling ("Farmers green with envy over Emerald Isle", December 10).

While it is perfectly true that any increase in Common Agricultural Policy expenditure in the UK is partially offset by a reduction in the budget rebate, this in no way supports the conclusion that "there is no pot of gold in

Brussels". The truth is that, as far as the European Union contribution is concerned, the amount of the aid would exceed the amount by which the rebate would be reduced.

To put this another way, if the government continues to refuse to claim this aid, to which British farmers are fully entitled under EU law, it is money lost as far as the overall British economy is concerned, and the long-suffering agriculture industry in particular. Consequently, the EU compensation scheme involves no net cost to the British taxpayer, a net

gain to the British economy, and a significant relief for farmers. The UK government should not be using disingenuous by confusing the Treasury's narrow, short-term interests with the long-term interests of the country as a whole. The government should also get its priorities right.

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Refugees: a reminder that the misery is undiminished

From Mr Philip Peters.

Sir, The 1997 UN refugee report is a reminder that the cold war's end has not diminished the misery that lands at the UN High Commissioner's doorstep ("More refugees have nowhere to run", December 9).

One country alone, the Democratic Republic of Congo, shows the problem in microcosm. During the past year, civil war created tens of thousands of new refugees and displaced others within their own country; rebel forces attacked those refugees and others already in camps; victorious rebels continued those attacks; and once in power under President Laurent Kabila, they manipulated the UN and denied a UN inquiry prompt access in the massacre sites.

But the picture is not entirely grim. Many in the international community now realise that in

Africa's Great Lakes region, effective protection of refugees and disarmament of the combatants among them would have served a humanitarian purpose and might have prevented some military conflict.

In the former Yugoslavia, the international community is working against difficult odds to resettle refugees to make the Dayton accords work. And countries such as the US are taking a greater role in refugee resettlement. Having driven down its refugee admissions nearly 40 per cent since President Clinton took office, the US will admit 33,000 in 1998, a 6 per cent increase.

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Enemas meet their match

From Mr Gerald Long.

Sir, Your correspondent Arnie Wilson and his mentor ("The 100-year war of words", December 6-7) failed to mention other words whose disappearance has left the English language poorer. These include: farrago, an earlier time in a distant place (from "far" and "ago"); fastidiot, one who writes quickly but without substance ("fast" and "idiot"); "codswallop", a feeble jargon (from "dubious" and that useful term "buttock"), freshly churned butter.

With such as Arnie Wilson to defend it, the enemas of the English language will try in vain to subvert it (subvert: to get past defences). Perhaps we might hope for a further situation report at the beginning of April?

Gerald Long,
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FINANCIAL TIMES
Finance

هنگامه من الاصل

Man in the News • Michel Camdessus

Bruiser who loves a crisis

The IMF managing director is a cunning tactician, says Robert Chote

For an international bureaucrat, Michel Camdessus has proved a remarkably nimble political operator. During his 11 years as managing director of the International Monetary Fund, he has exploited a succession of economic crises to enhance the institution's role as watchdog of the world monetary system. Asia's financial turmoil is only the latest example. In recent weeks the IMF has helped assemble more than \$100bn in emergency financial support for Thailand, Indonesia and - most recently and most controversially - South Korea. In doing so it has failed to restore confidence in the region's economies and it is now being criticised for attaching damagingly deflationary conditions to its loans.

One might have expected the IMF's managing director to be forced onto the defensive, but not a bit of it. Instead he is using the crisis as an opportunity to reopen a wound that has already taken more than three years to heal: demanding again that the fund's shareholders agree to a dramatic increase in its capital base and financial resources.

At the IMF's annual meeting in Hong Kong in September, the fund's shareholders agreed, after years of debate, to increase the organisation's \$200bn capital base by 45 per cent. At one stage the arguments over

this issue had threatened Mr Camdessus's reappointment to an unprecedented third five-year term as managing director. Mr Camdessus always argued that an increase of this size was too small and he acquiesced only reluctantly in the face of unyielding opposition to a larger rise from the US and others. Now, barely two months later, he is arguing that the fund is right along and that the fund should get more money.

Even his opponents are impressed by the *châpote*: "Michel never misses an opportunity to use a crisis to position the fund to his best advantage," says an official. "And he is not going to miss this one either."

Mr Camdessus's latest proposal is likely to bring him into conflict again with the US, the fund's largest shareholder. But he has never been afraid to pick a fight, and has annoyed almost every powerful lobby among the IMF's 181 member countries at some point during his tenure.

In 1994 he backed developing countries in calling for a high increase in the IMF's capital base, thereby annoy-

ing the industrial countries who had to contribute the most. Then, in 1995, he pleased the Clinton administration by agreeing to provide massive emergency support for Mexico, only to infuriate his European members by acting before he had sought approval from the IMF board.

"My job is not to look at what the industrial countries think," Mr Camdessus said during one row with them. "My duty is to give a judgment on what is in the global need."

Chapter with an unwritten ending

Robin Allen looks at the battle for Iran's soul between the theocratic hardliners and the tolerance of President Khatami

After 15 years of militant rhetoric and self-imposed isolation, a new chapter is unfolding in the turbulent history of Iran's Islamic revolution. The next three to four years will see Iran follow one of two dramatically divergent paths. Either Mohammed Khatami, the reformist president elected this year, will successfully forge a more tolerant society where dissent and freedom of expression are allowed within the rule of law. Or Mr Khatami's vision of an "Islamic civil society" will be snuffed out by theocratic hardliners whose doctrinaire views have so far prevailed and who still control many of Iran's levers of power.

The first lines of this new chapter were written in May by some 20m voters who elected Mr Khatami in a landslide victory that is proving a seismic event in Iranian history and astonished the clerical establishment. Only then did the clerics appear to realise the country had grown weary of their dogmatic control of people's everyday lives.

Since winning that victory, Mr Khatami's stature has grown, especially abroad and especially after his government played host to this week's summit meeting of the 55-member Organisation of Islamic Conference.

No lesser figure than Kofi Annan, the UN secretary general, described Mr Khatami as "a man of his times, determined to improve the lot of his people, to work with his neighbours and the rest of the world". However, it is not in the international arena that Iran's future will be decided. The real battle for its soul is taking place at home where Mr Khatami's authority is being challenged by rival power centres.

Iran is a country where political decisions are reached not on merit but by a process of "positive inertia," says one observer. It is a system "where individuals concentrate on saying only

enough to reinforce their own positions and, if possible, out-manoeuvre their neighbours". Mr Khatami's position is constitutionally subordinate to that of Ayatollah Ali Khamenei, the country's spiritual leader who holds the office of *velayat-e-faqih*, which makes him supreme arbiter of all religious and political matters. Mr Khamenei controls the country's police and security, the revolutionary guards and other militant activist groups that were the vanguard of the revolution. These are more important elements of

national authority than the conventional armed forces over which Mr Khatami's government has nominal control. Muddying the waters further is Hashemi Rafsanjani, the former president, who, before he handed over last August, doubled the size of the Expediency Council - a body set up by Ayatollah Khamenei, the Islamic Republic's founder, to mediate in any case of stalemate between the *majlis* (parliament) and the cleric dominated Council of Guardians. The power of the Expediency Council, which con-

tains as many people opposed to Mr Khatami as it does kindred spirits, has grown far beyond that originally envisaged. The authority of Ayatollah Nouri, Mr Khatami's interior minister and of his culture and Islamic guidance minister, the enlightened Ayatollah Mojtahed, is similarly diminished by the constitutional power of the clergy. But the conservative clerical and secular establishment is itself under pressure from several sides, not least socialist and national patriotic groups. Senior clerics, such as Ayatollah Hossein



Khatami: the reformist president's authority is being challenged by rival power centres

The Dutch are tiring of the 'exhibitionistic enrichment' of the country's corporate sector, writes Gordon Cramb

Bad but not banned in Amsterdam

"If you come in on this deal, that's the amount you'll find in your bank account when it's done."

The voice, whispering into a mobile phone, was that of an actor in a shiny suit. But the audience was authentic enough, comprising securities traders. So was the setting: the production was mounted by Amsterdam Exchanges (AEX), the operator of the Dutch equity and derivatives markets, as the first of a series of ethics workshops. And so was the story: the play drew from the exchanges' complaints records.

Half an hour away in Utrecht, the dialogue was even more authentic. Gerrit Zalm, the finance minister, had been invited to debate the state of the Dutch economy with Cees van der Hoeven, chairman of Ahold, the country's largest retailer. The argument became rather pointed.

"Not just misuse but any use of insider knowledge is to be punishable," said Mr Zalm, talking about government proposals now going through parliament to

tighten up on insider trading. "I always have prior knowledge," said Mr van der Hoeven, who argued that the curbs would spoil plans to give managers more of a stake in their business through shares or options.

"If I were in Mr van der Hoeven's shoes I would never deal," retorted the minister. "I would suggest you get an independent manager for your shares." The grocer lapsed into uncharacteristic silence.

These two vignettes capture the confusion into which Dutch business life has fallen since justice and tax officials raided the floor of the Amsterdam bourse in October, arresting 15 people. Executive share options are coming in for special disfavour. At the start of the year, the prime minister, Wim Kok, denounced them as "exhibitionistic enrichment" - a phrase that seems to have struck a chord among a populace which throws

on conspicuous consumption and which was not impressed by the recent news from the US that Michael Eisner had cashed in \$400m of Walt Disney stock as part of his options package. The proposal to restrict stock options may gain an already popular government further credit at a general election next May.

What seems not to have gone down so well are the accusations swirling around the country's financial markets. These have led to the detention in custody for the past five weeks of the "grand old man" of the bourse, Adri Stretling, one of the 100 richest Dutchmen with a personal fortune put by one estimate at £1,200m (\$1.44m). He faces accusations including membership of a criminal organisation, money laundering, bribery and forgery. Prosecutors say they are studying files on up to 45 more cases. Evidence in the country's biggest ever stock exchange scandal sug-

gests there may have been a cocoon of cosy relationships among brokers, fund managers and directors of a few listed companies.

Such disclosures have added a new meaning to the term "going Dutch": what was being shared was not the drinks bill at the city's Yab Yum hotness bar that some in the business frequented but, purportedly, the profits from illicit transactions put through the stock exchange. They have certainly embarrassed many people who have begun to take slightly startled pride in an economic record recently hailed as a potential model for Europe.

How far the disclosures get in open court, however, is another matter. So far, only one insider dealing case has ever been made to stick. Directors of Nussle Brink, an investment bank which failed four years ago, had their jail sentences for fraud reduced this

UK's lucky dip

Britain's huge gambling sector suffers fickle laws, says Scheherazade Daneshkhu

The British are a nation of gamblers. They may not regard themselves as such, especially since much of the gambling that goes on is small-stakes stuff conducted in unglamorous premises. But the figures say otherwise: last year the British public bet a gross £40bn, a sum almost as large as the Irish Republic's gross domestic product. Some £8bn went on slot machines alone, more than the turnover of all but 13 of the FTSE 100 companies.

Britain's is not the world's biggest gambling business. That distinction belongs to the US whose gambling sector turns over an annual \$500bn (\$333.3bn) and whose casinos are flashier than their British counterparts. But even in the US gambling is not omnipresent, confined as it is to just a few states. In the UK, betting opportunities are everywhere: in casinos, bingo clubs and betting shops and through football pools, fruit machines and - most importantly - the National Lottery. Only one in 10 British adults has never gambled. But the industry is in a mess. The tight regulation that has kept gambling largely crime-free for the past 30 years has always been idiosyncratic, with its definitions of "hard" and "soft" gaming. Now it has become a nonsense. That is because the state, traditionally the industry's gamekeeper, has turned poacher with the launch three years ago of the National Lottery. The result is glaring inconsistencies.

A 16-year old, for example, can buy National Lottery scratch cards with a top instant prize of £75,000. Yet if he wants to play a fruit machine with a £10 maximum payout, he must wait for his 18th birthday. Similarly, while the National Lottery was launched with a blaze of advertising, casino operators still risk two years in prison just for publicising their address. Anyone wanting to visit a casino (or for that matter a bingo club)

Betters everywhere: in casinos, bingo clubs and betting shops and through football pools, fruit machines and the Lottery

should be treated is a relic of a bygone age. Historically, church and state have been against gambling, the former regarding it as a sin and the latter as a crime. Social attitudes began to change in Victorian times. Although gambling, like prostitution, was seen as undesirable, the upper classes indulged in both.

The urge to flutter was directed into illegal casinos and betting shops. These flourished in the UK until the 1960s when the government finally legalised and controlled them. The 1968 Gaming Act established the Gaming Board to regulate the industry. The philosophy enshrined in the act was that gambling was to be tolerated, not encouraged. The £5bn National Lottery changed all that. Not only has it stimulated the public's appetite for gambling, it has also prompted new games dreamt up to cash in on the craze.

Betting shops have, for instance, launched 49's, a numbers game similar to the National Lottery. So grey is the law, that Camelot, the Lottery's operator, tried (and failed) to have the 49's game banned. The industry has had enough. Calls are growing ever louder for a radical overhaul of gaming laws, the inadequacies of which were again exposed last month with the launch of Frontol, an on-line pub lottery game. The Gaming Board, which opposes Frontol on the grounds it could become addictive and turn pubs into gambling dens, was nonetheless obliged to grant it a licence since it met the legal definition of a lottery.

The government has admitted the need for reform. But some doubt whether it has the stomach for a wholesale review. "This government has got a holier-than-thou attitude," says one prominent industry executive, who believes new Labour will not want to appear soft on gambling. "It is too frightened to do anything that might shift the halo."

For all its flaws, however, the new regime looks like an improvement on what came before. Dubious dealing practices - the quiet pocketing of a parcel of shares for a broker's own account just before pushing through a big order - commonly

went by the phrase *stout maar niet fout*, "bad but not banned".

Many people think that is the Dutch way. Europe's oldest mercantile nation had long learnt that it is harder to accept than to abhor. It is an attitude which, in the trade of goods and services, has helped keep a country of only 15.5m people well within the world top 10. The house enjoys a similar ranking. It is also an attitude that has allowed "coffee shops" to buy and sell cannabis.

Under European Union pressure, the drugs business is becoming subject to stricter controls - and now the financial sector is coming under similar scrutiny. Mr Zalm told his Utrecht audience that a clean bill of health for the financial sector, as well as for state finances, were "absolute necessities if the Netherlands is to participate successfully in monetary union".

To the 60 or so whose past conduct is under scrutiny through the unprecedented zeal of Amsterdam justice officials, that may be Dutch comfort.

UNIT TRUSTS

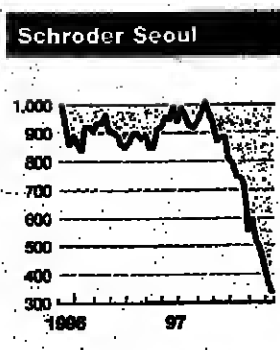
WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

CF Shaw Utilities	1,401
Royal London European Growth	1,357
Fleming Select American	1,349
Old Mutual Swiss Equities	1,347
Boston Capital Growth	1,346

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	317
Save & Prosper Korea	322
Save & Prosper Gold & Exp	325
Schroder Seoul	333
Waverley Australasian Gold	382

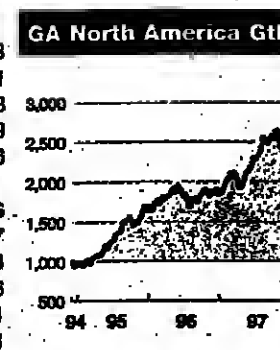


TOP FIVE OVER 3 YEARS

GA North America Growth	2,593
Hill Samuel US Smaller Cos	2,401
Framlington Health	2,293
Royal & SunAll Nth America	2,289
Johnson Fry Sister Growth	2,288

BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	167
Schroder Seoul	214
Baring Korea	226
Old Mutual Thailand Acc	231
Waverley Australasian Gold	378

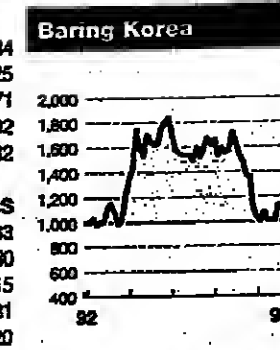


TOP FIVE OVER 5 YEARS

Old Mutual European	3,434
GA North America Growth	3,325
Hill Samuel UK Emerging Cos	3,171
Jupiter European	3,102
Jupiter Income	3,082

BOTTOM FIVE OVER 5 YEARS

Save & Prosper Korea	163
Baring Korea	430
Old Mutual Thailand Acc	515
Henderson Japan Smaller Cos	581
Save & Prosper Japan Small Cos	620

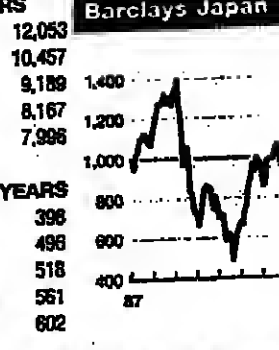


TOP FIVE OVER 10 YEARS

F&G US Small Companies	12,053
Hill Samuel US Smaller Cos	10,457
HSBC Hong Kong Growth	9,189
Profit Technology	8,167
Henderson American Small	7,996

BOTTOM FIVE OVER 10 YEARS

Waverley Australasian Gold	396
Barclays Japan Inc	498
Save & Prosper Gold & Exp	518
Henderson Japan Smaller Cos	561
M&G Japan Acc	602



Source: REUTERS (Tel: 01625 511311)

Indices

Average Unit Trust	1048	1381	1773	2151	2.5	2.5
Average Investment Trust	1119	1371	1718	2118	4.6	5.0
Bank	1038	1114	1196	1808	0.0	5.5
Building Society	1038	1111	1222	1809	0.0	5.2
Stockmarket FTSE All-Share	1253	1738	2188	4095	2.8	3.2
Inflation	1036	1039	1142	1545	0.3	-

UK Growth

Johnson Fry Sister Growth	1227	2286	2540	-	3.0	0.8
Jupiter UK Growth	1113	1968	2878	-	2.4	2.2
Murray Recovery	1147	1946	2802	2830	3.0	1.6
OM Hartley Growth	1199	1887	2542	2905	2.4	0.6
Perpetual UK Exempt	1223	1880	2911	-	2.8	2.3
SECTOR AVERAGE	1140	1604	2022	3017	2.7	1.8

UK Growth & Income

Fleming Select UK Income	1332	1900	2433	3469	2.5	6.0
Perpetual Income	1217	1798	2594	3879	2.8	2.8
Britannia UK General Inc	1188	1735	1962	2940	2.8	2.8
HSBC Footsie Fund	1282	1768	-	-	-	-
Lazard UK Income & Growth	1191	1758	2080	3418	2.6	3.1
SECTOR AVERAGE	1172	1590	1942	3152	2.8	2.5

UK Smaller Companies

Gartmore UK Smaller Companies	1116	2073	3075	3108	3.3	0.4
Laurence Keen Smaller Cos	1085	1900	-	-	3.0	1.5
AES Smaller Companies	1067	1850	2465	-	2.8	1.1
Britannia Smaller Cos Acc	1133	1783	2903	3564	2.9	0.4
Schroder Smaller Companies Inc	1063	1798	2490	2981	2.8	0.7
SECTOR AVERAGE	1025	1411	2142	2434	2.8	1.6

UK Equity Income

Jupiter Income	1181	2024	3082	5129	2.2	4.0
Lazard UK Income	1196	1811	2314	4097	2.4	4.1
BWD UK Equity Income	1225	1796	2504	3256	2.3	3.4
Britannia High Yield Inc	1180	1744	2308	3847	2.4	3.8
Metropolitan UK Income	1216	1730	2111	4075	2.8	4.0
SECTOR AVERAGE	1170	1580	2028	3126	2.4	4.3

UK Equity & Bond Income

HSBC High Income	1196	1844	-	-	2.0	5.7
Johnson High Distribution	1199	1812	2049	2489	2.4	6.7
Profit Extra Income	1128	1602	2013	2982	2.4	4.1
CIS UK Income	1217	1575	1957	-	2.4	3.7
Abbey National Extra Income	1177	1548	2282	3571	2.0	4.8
SECTOR AVERAGE	1134	1426	1839	2598	2.1	5.2

UK Eq & Bd

BWD Balanced Portfolio	1171	1814	2433	-	3.1	1.3
Perpetual High Income	1216	1714	2489	-	2.3	3.0
Credit Suisse High Income Port	1164	1631	2194	-	2.4	4.1
Capital Income Dis	1171	1600	2000	2833	3.1	3.2
NPI UK Extra Income Inc	1088	1546	2055	-	2.2	3.1
SECTOR AVERAGE	1138	1552	2047	2829	2.2	2.9

UK Fixed Interest

Aberdeen Fixed Interest	1140	1507	2158	2622	1.4	8.1
Dresdner RCM Preference Inc	1147	1484	1991	2443	1.8	7.8
CU PPT Monthly Income Plus	1183	1422	1758	-	1.8	7.4
M&G Corporate Bond	1154	1415	-	-	1.9	6.5
Henderson American Sm Co	1150	1393	1820	1850	1.1	7.4
SECTOR AVERAGE	1090	1316	1513	2088	1.8	6.5

UK Gift

M&G Gift & Fixed Interest	1139	1366	1532	2065	1.8	8.0
Gartmore PS Fixed Interest	1117	1331	1488	-	1.8	6.8
Murray Acumen Reserve	1107	1324	1469	-	1.5	6.3
Mercury Long-Dated Bond	1194	1320	-	-	2.2	5.1
Gartmore PS Index Linked Gift	1106	1300	1467	-	1.4	2.5
SECTOR AVERAGE	1090	1237	1350	1869	1.4	5.7

International Equity Income

GT International Income Inc	1204	1642	1866	3789	2.8	2.0
Martin Currie Int'l Income	1138	1518	1898	-	2.7	4.2
Mayflower Global Income	1130	1467	1907	2750	2.3	2.7
M&G International Income	1119	1447	1907	3407	2.7	4.2
Barclays International Income	1123	1427	1733	2449	3.0	1.5
SECTOR AVERAGE	1111	1454	1817	2857	2.8	2.5

International Fixed Interest

Baring Global Bond	1023	1322	1463	-	1.5	4.8
City Financial Beckman Int'l	1014	1253	1268	1968	2.6	6.1
Newton International Bond	1017	1232	1340	-	2.0	4.9
Barclays BGI Int'l Bx Int Inc	1014	1231	-	-	1.0	5.2
AES Int'l Bond & Convertible	1042	1219	1342	-	1.3	6.1
SECTOR AVERAGE	973	1118	1188	1805	1.8	5.1

International Equity & Bond

Fleming General Opportunities	1157	1518	1771	-	2.0	3.4
Cepel-Cure Halmstad Growth	1156	1508	1744	2848	2.7	1.7
Bank of Ireland Ex Mgd Growth	1058	1484	1814	-	2.3	2.4
Baillie Gifford Managed	1113	1473	1754	3361	2.7	2.4
Marles & Spencer Inv Port Acc	1131	1458	1788	-	2.3	2.2
SECTOR AVERAGE	1077	1350	1623	2609	2.4	2.4

International

Framlington Health	1072	2293	2091	7832	7.0	-
Profit Technology	1028	2216	2816	6157	7.0	-
Save & Prosper Financial Seca	1281	2188	2978	5221	3.3	1.4
Framlington Financial	1273	2038	2704	6707	3.2	0.9
Save & Prosper Growth	1222	1847	2584	4543	3.1	1.5
SECTOR AVERAGE	1067	1328	1764	3157	3.7	1.1

Nth America

GA North America Growth	1272	2593	3325	7814	4.6	0.0
Hill Samuel US Smaller Cos	1107	2401	2716	10457	5.3	-
Royal & SunAll Nth America	1284	2289	2857	6010	4.0	0.3
Dresdner RCM America Sm Co	1180	2276	2584	4897	4.8	-
Henderson American Small Cos	1175	2270	2598	7996	5.2	-
SECTOR AVERAGE	1175	1878	2078	5146	4.4	0.5

Europe

Jupiter European	1141	2115	3102	5761	3.4	0.5
INVESTCO European Growth	1188	2001	3084	4728	4.2	-
Thames Valley Euro Sel Gt Acc R	1212	1993	2832	4048	4.4	0.1
Baring Europe Select	1100	1948	2916	4094	3.8	0.6
TU European	1248	1814	-	-	2.8	1.0
SECTOR AVERAGE	1161	1588	2229	4080	3.6	0.7

Japan

Jupiter Growth	890	837	1343	1552	3.7	-
Martin Currie Japan	834	852	1276	-	5.8	-
Murray Japan Growth	911	851	1154	-	4.9	-
Baillie Gifford Japanese	908	836	1099	1386	5.6	-
Newton Japan	893	838	1196	1235	5.4	-
SECTOR AVERAGE	719	618	898	1002	5.7	0.5

Far East inc Japan

AIB Govett Greater China	921	1087	1863	4078	5.6	-
Dresdner RCM Oriental Inc Inc	960	1487	2081	7145	5.0	4.5
Friends Prov Pacific Basin	763	857	1343	1738	5.3	0.2
Schroder Far East Growth Inc	760	853	1483	-	5.8	-
Royal & SunAll Far East	726	844	1243	1311	5.9	-
SECTOR AVERAGE	714	750	1186	2130	5.6	1.1

Far East exc Japan

HSBC Hong Kong Growth	897	1732	2647	8189	8.6	0.4
INVESTCO Hong Kong & China	960	1487	2081	7145	5.0	0.6
Old Mutual Hong Kong	764	1298	1900	6750	8.5	1.3
Friends Prov Australian	945	1250	1786	4439	4.8	-
Gartmore Hong Kong	738	1142	1671	8508	8.3	1.5
SECTOR AVERAGE	695	777	1258	4039	7.1	1.2

Best Peps

Johnson Fry Sister Growth	1227	2286	2540	-	3.0	0.8
Save & Prosper Financial Seca	1281	2188	2978	-	3.3	1.4
Jupiter European	1141	2115	3102	-	3.4	0.5
Gartmore UK Smaller Companies	1116	2073	3075	-	3.3	0.4
Jupiter Income	1181	2024	3082	-	2.2	4.0
AVERAGE UT PEP	1124	1524	2020	-	2.7	2.8

Property

Aberdeen Property Share	1197	1519	2504	-	2.8	1.2
Norwich Property	1085	1202	1594	-	1.0	4.7
Barclays Property	1051	1164	1327	-	1.0	5.6
SECTOR AVERAGE	1103	1295	1808	-	1.6	4.1

Commodity & Energy

M&G Australasian Acc	825	1174	1886	2421	5.4	2.2
M&G Commodity	694	887	1333	1757	6.6	1.4
Save & Prosper Commodity	733	944	1342	1883	6.2	-
Hill Samuel Natural Resources	678	734	1104	1548	6.4	1.0
TSB Natural Resources	601	714	1448	2195	6.2	0.3
SECTOR AVERAGE	582	674	1374	1996	7.0	1.1

Investment Trust Units

Quilter High Inc Inv Trst Acc	1128	1427	2307	-	2.5	3.5
Quilter Investment Trusts Inc	1004	1371	2182	-	3.1	0.4
M&G Fund of Investment Trusts	1020	1306	1894	3377	3.1	1.8
Equitable Trust of Invest Trst	1036	1304	1982	3754	2.7	1.6
Exeter Fund of Investment Trst	1050	1293	2129	3541	2.8	0.5
SECTOR AVERAGE	1058	1264	1917	3127	2.6	2.1

Fund of Funds

-	Royal & SunAll Portfolio	1092	1548	1985	-	2.9	1.1
5	Lloyds Bank Growth Portfolio	1063	1488	-	-	2.7	0.3
2	TSB Selector	1125	1481	1795	-	2.4	1.4
-	Mercury Managed Income	1120	1484	-	-	1.9	3.8
-	Britannia Managed Portfio Inc	1042	1458	1951	-	3.1	1.3
1	SECTOR AVERAGE	1063	1289	1878	2534	2.6	1.8

Authorized and Insurances

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ΣΑΝΙΤΑΡΙΟΝ

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● NOTES
Gross: Contractual rate of interest payable. Acc taking account of the deduction of basic rate income tax.
Net: Rate of interest payable after allowing for deduction of basic rate income tax.
Gross CAGR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'.
Int Cr Frequency: At which interest is credited to the account.

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Offshore Insurances and Other Funds

Offshore Insurances and Other Funds

Offshore Insurances and Other Funds

The Business of Travel

For further information

Tina-Louise Collins

Fax: +44 171 873 3062

Agency Police	Agency Police	0-01 -	Time Range	Agency Police	Agency Police	0-01 -	Time Range

Yields $\frac{1}{2}$ allow for all buying expenses.

Bermuda - Bermuda Monetary Authority
Guyana - Financial Services Commission
Jamaica - Central Bank of Jamaica

- **Issuance** - Initial sale of Luxembourgish.
- **Initial charge** - Charge made on sale of unit.
- **Selling price** - Bid or redemption price.
- **Buying price** - Offer or purchase price.

001 0001 to 1100 hours
 001 1101 to 2400 hours
 001 2401 to 2500 hours

- Periodic premium insurance plans.
- Single premium insurance.

■ Previous day's price.
 □ Guernsey gross.
 ♦ Yield before Jersey tax

The bond prices published in this column are also available at the Financial Times' web site, <http://www.ft.com>

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Highly rated and well marketed thus have been adjusted to allow for:

- 1) Interest rates increased or resumed.
- 2) Interest rates reduced, passed or deferred.
- 3) Dividends or reduced.
- 4) Firms 2, 7, 21, 24, 25, 26, 28, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843

or your usual Financial Times representative

Source	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411</
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Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Dec 12/US\$)

(4 pm close)

DOW JONES

S&P 500

NASDAQ

NYSE

AMEX

NYSE

AMEX

NYSE

AMEX

NYSE

AMEX

NYSE

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NYSE

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EUROPE

AMSTERDAM (Dec 12/US\$)

LONDON (Dec 12/US\$)

PARIS (Dec 12/US\$)

FRANKFURT (Dec 12/US\$)

BERLIN (Dec 12/US\$)

MILAN (Dec 12/US\$)

ROMA (Dec 12/US\$)

NAPLES (Dec 12/US\$)

PALERMO (Dec 12/US\$)

BARI (Dec 12/US\$)

CATANZARO (Dec 12/US\$)

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FROSINONE (Dec 12/US\$)

GROSSETO (Dec 12/US\$)

IMPERIA (Dec 12/US\$)

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WORLD STOCK MARKETS

Dow drops as long yield falls below 6%

AMERICAS

Wall Street continued to move lower, although with less momentum than in previous sessions, writes John Lobato in New York.

Fears that more companies may fall victim to the "Asian flu" continued to put downward pressure on stocks. But the bond market had another strong morning, pushing the benchmark long yield below 6 per cent.

Bullish Treasury buying was sparked by a better-than-expected report on producer prices for November. The PPI fell 0.2 per cent for the month, a first since August of next week's Federal Open Market Committee meeting. The 30-year Treasury bond rose 1/8 to 102 1/2, sending the yield down to 5.55 per cent.

But for a second day, strength in bonds did little to ease fears of lower earnings in the stock market, especially among technology shares.

By early afternoon the Dow Jones Industrial Average was down 42.03 or 0.54 per cent to 7,806.96. Other stock indices were worse off.

The broader Standard & Poor's 500 index slid 6.0 or 0.63 per cent to 948.94, while the technology-weighted Nasdaq composite index fell 1.32 per cent to 20.65 at 1,537.89.

"The word for today is lethargic," said Michael Driscoll, senior block trader at

São Paulo edges higher

Latin American centres made a slow start to the day with activity held in check by a public holiday in Mexico and more restrained trading on Wall Street after Thursday's 129-point decline.

SAO PAULO moved ahead with sentiment boosted by news of a return to foreign fund inflows. The central bank announced a net inflow of \$426m in portfolio investment for the first 11 days of December. This is in marked contrast to a net outflow of

Hambrecht & Quist. "They sold the market off for a lot of momentum for three days in a row, with a lot of indiscriminate selling in the technology sector."

Banking shares were mixed with Citicorp falling another \$5 to \$123 1/2, while State Street rose \$1/4 to \$54 1/2. In the technology sector, IBM continued to weaken, falling \$4 1/2 to \$97 1/2. Shares in Electronics for Imaging plunged more than 58 per cent to \$24 1/2 after an earnings warning led analysts to cut their rating of the stock.

TORONTO moved lower after a poor opening session for the heavyweight banking sector following an official upward nudge for interest rates. The 300 composite index was off 47.83 at 5,597.30 at noon.

The central bank rate rise had been widely expected but even so the impact on sentiment among banks was significant. Royal Bank of Canada came off 95 cents to C\$77.15 and Bank of Montreal retreated C\$1.25 to C\$64.00.

Gold prices were mixed. Barrick rose 45 cents to C\$23.25 on news of plans for the company to buy back up to 10 per cent of its shares. Placer Dome eased 5 cents to C\$15.50. Leading blue chips were mostly easier. Alcan Aluminium lost C\$1.10 to C\$38.00 and Seagram gave up C\$1.10 at C\$44.40.

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Dealers said the morning saw steady buying. Market heavyweight Telebras improved 0.18 per cent to R\$113.20. The successful privatisation of power group Cosern also aided sentiment. The Bovespa index was 25 better at 9,133 at mid-session.

CARACAS made steady progress in light volume. At mid-session, the IBC index was 124.55 points or 1.5 per cent higher at 8,442.60.

EUROPE

Wall Street staged a modest opening rally and by the close of the European day bourses had bounced off session lows.

PARIS saw selected banks return to favour and the CAC 40 index ended 1.61 better at 2,830.25 in good volume of 18.1m shares.

Damone stayed firm, rising 2.5 per cent on talk that ranged from the possibility of a takeover bid to dramatic disposals as the funds group, best known for its yogurts, refocused operations.

The shares stacked up FFR36.00 to FFR1,080 for a two-day gain of nearly 7 per cent after another session of heavy volume. One rumour was that the Agnelli family, which has a stake in the group, was poised to make a bid for the company.

Banks, which led the performance charts at the start of the week, bounced back to prominence. CCF gained FFR19.5 or 4.8 per cent while BNP put on FFR11.20 to FFR336.

Construction leader Bouygues also stayed a firm mar-

ket, rising FFR12.00 to FFR713 after this week's news that Bouygues had acquired an 8.7 per cent stake in the company.

Ecia shot ahead by FFR145 or 15.2 per cent to FFR1,098 after trading restarted following Thursday's agreed FFR7.2m takeover for Bernadette.

The deal lifts the motor components group close to Valeo in terms of sales. Valeo lost FFR16.70 to FFR380.3.

FRANKFURT rebounded as investors decided Thursday's slide had been over-

done. On a quiet day, with little corporate news to spark prices into life, the Xetra DAX index rose 45.21 to 4,061.51.

Top percentage gainer of the day was motor manufacturer Deutz, which rose DM2.50 or 22.7 per cent to DM12.30 after making a better-than-expected profits forecast.

Deutsche Bank rose DM2.25 to DM122.30 after German insurer Gerling said it did not expect a bid from the giant bank.

Some of Thursday's fallers also recovered ground, with software group SAP adding DM3.50 to DM519 as investors took a more positive view of the group's resilience to Asian problems.

BASF ended 50 pfé better at DM62 after the chemicals group reduced its shareholding in potash producer Kali & Salz from 74 per cent to just under 50 per cent through a placing.

The sale fulfils a long-standing aim of BASF to reduce its exposure to Kali to below 50 per cent.

ZURICH drifted down. Financials were dull with

UBS and SBC moving lower and Swiss Re fell Sfr109 to Sfr2,569 following a company denial that it was planning to merge with Credit Suisse. Credit Suisse came off Sfr6.00 to Sfr232. SBC and USS, which were tracked by North Sea prices, shed Sfr1.50 to Sfr452.50 and Sfr17.00 to Sfr2,112 respectively. The SMI index fell 3.1 to 6,018.7.

AMSTERDAM rallied gently with the AEX index ending 4.21 higher at 887.74, bolstered mostly by a 2.3 per

cent recovery at ABN Amro which put on 90 cents to Fl40.40. Among internation-

als, Unilever added Fl1.90 to Fl119.40, but trading was largely subdued. Royal Dutch ended 80 cents to Fl108.70 as traders tracked North Sea oil prices.

MADRID moved higher in line with its neighbours after a dull session which saw little trade. November inflation figures, which were in line with expectations, attracted little interest, dealers said. The general index

ended 4.82 higher at 615.78. Bank stocks were among the few bright spots as the sector enjoyed another flurry of merger speculation. Banco Santander raised its stake in Banesto by 3.2 per cent to 49.6 per cent.

Banesto rose Ptas75 to Ptas1,500 on the news, a gain of 5.3 per cent, while the move also nudged BCH, which put on Ptas33 to Ptas1,175.

Borderea gained Ptas60 to Ptas2,020 after the utility announced that a consortium in which it was involved had acquired the state-owned Brazilian utility Cosern for \$605.4m.

MILAN closed higher, tracking other European markets without a great deal of conviction. The Mibtel index rose 82 to 15,343.

Banks were in favour on renewed hopes of consolidation. IMI rose 0.5 per cent to L1,977.00. Ambroveneto was L1,984 better at L1,554 and Banca di Roma L18 at L1,426.

Written and edited by Jeffrey Brown, Jonathan Ford and Peter Hall.

Seoul sinks 7% as won's fall drives away investors

gloom for financial stocks. Kookmin Bank was the heaviest traded in the market, falling Won680 to its limit low of Won7,820 on volume of 2.6m shares.

TOKYO ended below the key 16,000 level for the first time since late November, with the Nikkei 225 index closing off 145.85 or 0.9 per cent at 15,904.30. The day's trading range was 16,133.35 and 15,738.85.

The continued shakeout for many Asian markets plus doubts about next week's economic package from the Japanese government continued to undermine sentiment, brokers said.

However, the day's trading was partly technical following derivatives expiries. This was largely instrumental in lifting first-session volume to 978m shares from 422m on Thursday.

The broad-based Topix index shed 16.50 to 1,398.84 while the Nikkei 225 index came off 2.99 to 239.21. The Choshi Light rose HK\$1.10 to HK\$39.80. HSBC gained

lower at 15,950. In London, the ISE/Nikkei 50 index rose 5.52 to 1,475.80.

Steel was one of the day's least happy sectors. NKK lost Y100 to Y108 and Kawasaki Steel shed Y5 to Y155 after touching a fresh low for the year at Y152.

High techs underperformed. Adventest lost Y960 to Y7,750. Sony retreated Y300 to Y11,100.

HONG KONG pushed higher to partly reverse a three-day slide of more than 11 per cent. Blue chips led the rally with utilities meeting demand. The property sector stayed flat and China stocks showed limited activity.

There was a flurry of selling at the start and the Hang Seng index racked a morning loss of more than 330 points. But by midday sentiment had swung back to the upside and by the finish the index was 194.44 or 1.9 per cent higher at 10,014.66.

Much of the selling focused on stocks associated with the president's family.

Biointara, a conglomerate controlled by Hamburg Triton, lost Rp400 to Rp1,450.

Lippo Life, an insurance company, was suspended after failing more than 40 per cent. The shares fell to Rp150, down Rp75 on the day.

SOUTH AFRICA

Shares in Johannesburg were little changed, with a solid performance by industrials largely offset by a return to dull trading for

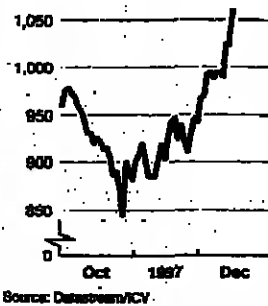
gold.

The all-share index closed down 2.3 at 5,951.5. Industrials gained 2.9 to 7,160.8 but gold followed the bullion price lower. The gold index came off 4.4 at 682.6.

Investment group newcomer Aplitec remained a strong feature, rising 23 cents to R16 to extend its gains since Thursday's flotation to more than 60 per cent.

DAX

Share price (FF)



Source: DataStream/VE

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SOUTH AFRICA

Shares in Johannesburg were little changed, with a solid performance by industrials largely offset by a return to dull trading for

gold.

The all-share index closed down 2.3 at 5,951.5. Industrials gained 2.9 to 7,160.8 but gold followed the bullion price lower. The gold index came off 4.4 at 682.6.

Investment group newcomer Aplitec remained a strong feature, rising 23 cents to R16 to extend its gains since Thursday's flotation to more than 60 per cent.

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Judge casts shadow on Microsoft update

By Louise Kehoe
in San Francisco

A federal judge's ruling against Microsoft has cast doubt over the launch next year of a new version of the company's Windows personal computer operating system.

Windows 98, a long-expected update to Microsoft's flagship PC operating system, is due to be launched in the second quarter of 1998.

However, the release could be delayed by the US Justice Department's anti-trust case against Microsoft. Issues raised in the judge's ruling suggest that the new software could become the focus of further litigation.

Late on Thursday, Judge Thomas Penfield Jackson ordered the company to halt temporarily its practice of requiring manufacturers to license Windows for their new PCs to include Microsoft's Internet Explorer browser. The

preliminary ruling will remain in effect pending a final court decision which is not expected for at least six months. The order applies to "any Microsoft personal computer operating system software (including Windows 95 and any successor version thereof)" and any Microsoft Internet browser software, also including future versions.

Microsoft said that it was not clear how the judge's ruling might affect Windows 98, if at all. However, Justice Department officials reiterated that the ruling applied to "any successor products" - which would include Windows 98.

Windows 98 links tightly together the functions of a PC operating system and an Internet browser. The new software provides a browser-style view of all the functions of a PC. Users, for example, have automatic access to information, whether it is stored on a PC hard drive or on an inter-

net web site. Separating the functions of the operating system and the browser would leave Windows 98 "brain dead", said Rick Sherlund of Goldman Sachs, a software industry analyst.

In his preliminary ruling, Judge Jackson took issue with Microsoft's claims that it has "unfettered liberty" to include any function that it might wish in future operating systems. That liberty was subject to "established anti-trust law", the judge wrote.

The ruling "puts in jeopardy Windows 98", said Jim Barksdale, chief executive of Netscape Communications, Microsoft's biggest competitor in the Internet software market.

Netscape would try to regain market share lost to Microsoft over the past year, he added, saying the ruling provided a "level playing field".

See Lex; Microsoft loses first round, Page 4

RailPen moves £1bn portfolio from PDFM

By William Lewis in New York and Clay Harris in London

A leading UK pension fund has withdrawn a £1bn (£1.65bn) portfolio from PDFM, the asset manager owned by Union Bank of Switzerland. The decision by RailPen, the railway pension scheme, was made before UBS announced its plan to merge with Swiss Bank Corporation.

RailPen is one of PDFM's largest clients. The decision to withdraw the balanced-mandate portfolio followed concerns about PDFM's investment performance.

The account amounts to less than a half of 1 per cent of the SFR490bn (£205bn) of institutional assets managed by the group. However, pension fund consultants think RailPen's move will fuel concerns about the likely impact of the SEC-UBS merger on PDFM's investment strategy.

After a strategic switch from equities to cash, PDFM, which manages £60bn, has suffered poor investment performance in recent years. But its clients have remained loyal and have said that any change of strategy could lead to their departure. Clients have also been seeking assurances that PDFM would continue to operate as an independent fund management group.

Under the merger plan, PDFM will become part of a division run by Gary Brinson, who has headed SBC's institutional asset management business since it bought his Chicago-based Brinson Partners in 1994. Mathis Caballavets of UBS, chairman-designate of the combined bank, said on Monday: "We want to be very careful about Philippe & Drew's franchise in the UK."

PDFM said last night all clients had been informed of developments. "PDFM will operate as an autonomous unit within SBC Brinson," it said. "[Gary] Brinson made it clear on Monday that he is totally supportive of PDFM's investment philosophy. We are confident that the merger will bring benefits to PDFM's clients."

Tals of two Cities, Page 6

THE LEX COLUMN

Hard on Microsoft

Has Microsoft suffered a serious setback? Not at first sight. The court decision ordering the software giant to stop bundling its Internet browser with its dominant Windows operating system is hardly good news. It must now offer personal computer makers versions of Windows 95 both with and without its Internet Explorer. This gives Netscape, which has been losing the battle of the browsers, a chance to regain market share, lifting its shares yesterday. But in all likelihood, PC manufacturers will keep on buying the bundled Windows 95 for the sheer convenience of it and because the browser is included for free. Microsoft's stock hardly budged yesterday.

That view may be a little sanguine, however. Depending on how the judge's ruling is interpreted, Microsoft will also have to unbundle the forthcoming Windows 98. This will be tricky, since the browser software is seamlessly integrated in the new version. The launch of Windows 98 has already been pushed back from April to the summer. Having to design a new, stripped-down alternative could further delay what is widely seen as the group's most important new product since 1990.

The judge's decision also has wider implications. It weakens Microsoft's ability to set standards for the Internet content providers to its software and therefore weakens its attempt to extend its hegemony to the web. While the wide-ranging anti-trust investigation into Microsoft has only just begun, the group has certainly lost the first round.

Home shopping

Hardly a day goes by without some announcement on home shopping - the launch of a new catalogue here, a trial on the internet there. But two pieces of recent news stand out: Marks and Spencer's plans to launch mail order catalogues for its clothing business, and the government's blocking of Littlewoods' £370m bid for Freemans.

The ripples from those two decisions were clearly visible in the twin mail order deals announced yesterday by Littlewoods and Burton Group.

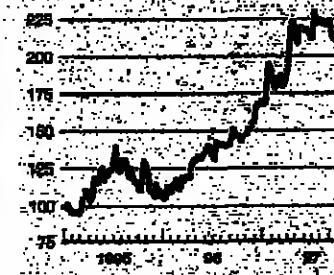
For Littlewoods, the first agreement is a useful consolation prize for its agency business, caught in a flagging market. But adding an initial 24 pages of Burton brands is very much an increment rather

FTSE Eurotop 300 index

960.1 (+4.1)

Microsoft

Share price moves in the last 12 months



than a revolution in its "big book". The sad thing is that it could have afforded to do both the Freemans deal and this. At least it is left with plenty of investment power for the growth side of mail order: the one brand per book "specialists" at the heart of its other deal with Burton.

It is on this stage that M&S has at last thrown down the gauntlet. It is easy to understand why high street retailers, normally intent on maximising sales per square foot, have been chary of customers by-passing their expensive branch networks. But the trend is inexorable and the trailblazer Next has shown that, as in the US, the shop becomes a shop window for the catalogue and vice versa. After a bit of a false start with its Innovations acquisition, Burton has now plumped for combining with a mail order expert. It needs this initiative to work. The brands concerned will form the group's core, after the demerger of Debenhams, and they need revitalising.

UK coal

With the UK government contemplating a corporatist solution to save jobs at RJB Mining, the coal industry has an emotional pull greater than its size warrants. Although the details are currently unclear, it seems the generators are being asked to buy RJB's excess capacity. If so, they will almost certainly be expecting something in return. PowerGen's reward could be the green light for its plans for vertical integration. Another possible *quid pro quo* could be less vigilant regulation. Either would damage consumers.

Moreover, sustaining demand for coal artificially in the short run will not address the longer term cause of its falling market share. It is more expensive, less efficient and a worse pollutant than gas and nuclear power. Only large and permanent subsidies - or restrictions on the supply of other cheaper energy sources and requirements on generators to buy only British coal - could prevent its losing ground. Either would create an absurd and disproportionate market distortion.

Labour's election manifesto promised a cleaner environment and an energy policy based on "secure, diverse and sustainable" supplies of primary fuels.

On environmental grounds, the government should welcome the erosion of coal's market share. If maintaining security of supply means keeping the industry alive indefinitely on a diet of corporatist fudge and government hand-outs, ministers should say so now.

BAA

Thankfully, yesterday's fire at Heathrow was dealt with in an exemplary fashion. None the less, it is at least worth investigating whether things would have gone so smoothly had the blaze occurred during peak hours. The Civil Aviation Authority may want to reassure itself that BAA's ability to guarantee the security of those using its facilities is as it should be. In particular, is it cramming too many retail outlets into the available space and, hence, detracting from its ability to fulfil its primary obligation of operating the airport?

The fire might also provide the CAA with an opportunity to encourage BAA to hasten the development of the other airports it owns and operates in the UK. The impact of yesterday's fire, which resulted in over 300 aircraft being cancelled and in enormous disruption to many passengers, highlights the pivotal role Heathrow plays in Britain's economic life. BAA's other airports in the south of the country - Gatwick, Southampton and Stansted - should be developed so that they are better substitutes for Heathrow. Breaking BAA up into its constituent airports so they can compete effectively with each other is probably unnecessarily draconian. But the regulator should take the opportunity to press its case for increased competition through other means.

Japan poised to change railway sell-off terms

By Gillian Tett and
Bethan Hutton in Tokyo

The Japanese government was yesterday poised to change the terms of the country's railway privatisation, threatening further weakening of international investor confidence in Japanese markets.

Takao Fujii, transport minister, said he was planning legislation to force seven privatised rail companies to assume ¥500bn (\$3.8bn) worth of new pension liabilities incurred by the former state group.

Investors warned that the move could trigger a mass sale of other Japanese privatised stocks. Cliff Shaw, head of Mercury Asset Management in Japan, said: "This really could be the final straw in terms of international investor confidence in Japan."

It could also hamper the government's plans to tackle its long-running economic and financial problems. Next week

the ruling Liberal Democratic party is expected to announce plans to support the financial system by issuing bonds. These would be backed by the sale of government-owned shares in NTT, the telecommunications group, in Japan Tobacco and by new privatisations to avoid pressure on the general budget.

Some LDP politicians hope this could raise some ¥10,000bn, but, if investor confidence declines, this could be much lower. Peter Walton, head of the European Business Community asset management group in Tokyo said: "If the terms of the JR privatisation are changed, then international investors will take a much more cautious attitude to future listings by the Japanese government. Any short-term gain would be offset by a longer-term loss of revenue."

The rail companies themselves warned they were con-

sidering taking the unprecedented step of suing the government for breach of contract. Masataka Matsuda, president of JR East, which is 11 per cent foreign owned, said: "This shows there is no one in the government who really understands economic policy or how markets work or the rights of shareholders."

When the rail system was split up 10 years ago, the companies divided ¥14,500bn of the old debt held at Japan National Railways, the former state company. The remaining ¥22,700bn was transferred to the JNR Settlement Corporation along with many of JNR's assets.

Since then, some assets have been sold. But the total debt has risen to ¥28,000bn, and this year the company was due to be wound up. But the government insists it will not pay the ¥28,000bn from public funds, because of its widening budget deficit.

Companies in this issue		
Chemical	3	Korea First
Finance	3	Mainichino
Shokutoku Centre	3	Marvel Entertainment
AT&T	23	Microsoft
Cominco	23	Mitsubishi
Daiwa	23	Mitsubishi Electric
Deutsche Post	2	NEC
DirectTV	23	NTT
Dongshu Sec'ies	1	Netscape
Itochu	3	Nihon Nohyaku
JR East	24	Nikko
Japan Tobacco	24	Nippon Steel
Kanematsu Sogo	3	Nippon Yusen

Markets Latest		
FTSE 100	3046.2	(+0.2)
Yield	3.24	
FTSE Eurotop 300	960.12	(+4.1)
FTSE All-Share	3275.42	(+0.26)
Nikkei	12804.30	(+145.85)
New York: S&P 500	7888.38	(+45.01)
Dow Jones Ind. Ave.	9449.49	(+6.40)
LONDON MONEY		
3-mo Interbank	7 1/4	(same)
Life long gilt bid	Mar121 1/2	(Mar121 1/2)
US DOLLAR RATES		
Federal Funds	5 1/4	
3-m Treasury Bill	5.07	
Long Bond	10 1/2	
Yield	5.80	
NORTH SEA OIL (Argus)		
Brack District	\$17.08	
GOLD		
New York Comex	\$322.5	(25.0)
London	\$322.55	(263.95)

FT WEATHER GUIDE

Europe today

France and the Iberian peninsula will be mainly fine, but there will be some early morning fog patches. The Pyrenees and French Alps will have some showers, falling as snow above 1,500m. The Low Countries, Germany, Switzerland, Austria and much of the Balkans will be unsettled with showers, turning to sleet or snow on high ground. Central and northern Italy will be mostly dry and bright, but southern Italy and Greece will have heavy showers and local thundery downpours. Scandinavia and eastern Europe will have snow flurries and sub-zero temperatures.

Five-day forecast

Intense high pressure, stretching from the Russian Arctic to southern Scandinavia, will become the dominant feature, allowing the development of a very cold easterly airflow across much of Europe. The Mediterranean will stay clear of the cold air and will have further showers.

TODAY'S TEMPERATURES

Maximum	Beijing	Fair 4	Cardiff	Fair 8	Frankfurt	Drizz 6	Madrid	Fair 9	Rangoon	Fair 33
	Cebu	Shower 10	Genoa	Fair 9	Geneva	Fair 15	Manila	Fair 15	Reykjavik	Steel 4
	Delhi	Rain 6	Chicago	Shower 6	Glasgow	Fair 18	Manchester	Shower 18	Rio	Thunder 30
	Algeria	Shower 18	Cologne	Shower 6	Hamburg	Drizz 6	Moscow	Fair 30	S. Frisco	Fair 15
	Amsterdam	Cloudy 7	Dallas	Cloudy 8	Helsinki	Rain 18	Melbourne	Fair 18	Seoul	Fair 4
	Athens	Rain 17	Doha	Fair 33	Hong Kong	Cloudy 17	Mexico City	Fair 20	Singapore	Shower 31
	Atlanta	Shower 11	Osaka	Fair 27	Honolulu	Fair 27	Miami	Shower 27	Stockholm	Snow 1
	B. Aires	Shower 23	Dublin	Cloudy 10	Intanbul	Fair 27	Montreal	Fair 12	Strasbourg	Fair 6
	Bham	Fair 8	Dubrovnik	Fair 15	Jakarta	Fair 32	Moscow	Snow 4	Sydney	Fair 28
	Bangkok	Sun 33	Edinburgh	Fair 9	Jersey	Fair 8	Nairobi	Cloudy 5	Taipei	Fair 19
	Barcelona	Fair 15	Caracas	Cloudy 30	Johannesburg	Fair 26	Murich	Rain 3	Tokyo	Shower 21

We wish you a pleasant flight.

Lufthansa

Situation at midday. Temperatures maximum for day. Forecasts by FA Weather Centre

Abu Dhabi	Sun 26	Belgrade	Rain 6	Chicago	Shower 6	Dallas	Cloudy 8	Doha	Fair 33	Dubai	Fair 33	Dubrovnik	Fair 15	Edinburgh	Fair 9	Geneva	Fair 15	Glasgow	Fair 18	Hamburg	Drizz 6	Helsinki	Rain 18	Hong Kong	Cloudy 17	Honolulu	Fair 27	Intanbul	Fair 27	Jakarta	Fair 32	Jersey	Fair 8	Johannesburg	Fair 26	Karachi	Fair 26	Kuwait	Fair 22	Los Angeles	Fair 22	London	Fair 22	Luxembourg	Shower 8	Lyon	Fair 5	Madeira	Fair 21	Madrid	Fair 9	Manila	Fair 15	Manchester	Shower 18	Moscow	Snow 4	Murich	Rain 3	Nairobi	Cloudy 5	Naples	Fair 15	Nassau	Fair 29	New York	Cloudy 8	Nice	Fair 24	Nicosia	Fair 20	Osaka	Fair 27	Paris	Fair 8	Perth	Drizz 5	Prague	Fair 11	Rangoon	Fair 33	Reykjavik	Steel 4	Rio	Thunder 30	Rome	Fair 15	S. Frisco	Fair 15	Seoul	Fair 4	Singapore	Shower 31	Stockholm	Snow 1	Strasbourg	Fair 6	Sydney	Fair 28	Taipei	Fair 19	Tokyo	Shower 21	Toronto	Snow 1	Vancouver	Shower 9	Varna	Fair 11	Vienna	Drizz 6	Warsaw	Sleet 5	Washington	Cloudy 8	Wellington	Fair 18	Winnipeg	Cloudy 1	Zurich	Sleet 4
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WEEKEND

DECEMBER 13 / DECEMBER 14 1997



Christmas sparkle

It'll be all white on the night. Jancis Robinson picks champagnes and other non-red bottles



Velvet revolution

'It responds in an almost magical way to light and shade. It is set apart from other fabrics'



Opium of Ukraine

Two years after being banned from European championships, Dynamo Kiev have made a stunning comeback

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Death of Gold

Gold has always been more than a precious metal – men have even lost their lives for it. But no longer. Gold has fallen from grace and is now a mere metal and a bad investment. Kenneth Gooding explains why most of the glister has disappeared

Gold, frankincense and myrrh. The three wise men deemed these gifts suitable for the King of Kings two millennia ago. It says something about gold's staying power that today it is still a suitable gift for a sovereign, though a more thoughtful wise man may swap the precious metal for US Treasury bonds.

Mankind's fascination with gold goes back much further than 2,000 years. For primitive man, the attraction was aesthetic. Gold glinted at him from streams and river beds. He found it so malleable that, even cold, it could be hammered into crude ornaments and artefacts. Beauty and scarcity gave gold mystical appeal, and it became the stuff of temples, icons, idols, and offerings to the gods.

Ancient Egypt and Rome drew much power from gold, mined by slaves in conditions of unbelievable misery. "There is absolutely no consideration nor relaxation for sick or maimed, for aged man or weak woman," wrote the historian Diodorus in the 2nd century BC.

Similar conditions existed in Siberian gold mines up to the 1960s and miners still descend the deep shafts of South Africa knowing that, even if they obey the safety rules, there is no guarantee they will come out alive.

For the rich, and for the poor who sought it, gold was a tangible, long-term store of wealth, acceptable anywhere, a safe haven at times of disaster.

But gold is not what it once was. The image has been tarnished – apart from a couple of blips, its price has been drifting downwards for more than a decade. This week the price was the lowest for 18 years.

The 1987 stock market crash, the Gulf war and a meltdown of Asia's financial markets did not cause the expected rush for gold.

So, has gold had its day, at least as an investment? Has the glister gone? Is it only the sentimental and the gold obsessed, the huge, who still seek it out and, as Virgil put it, have the "cursed craving for gold?"

Ted Arnold has no craving. He is a gold bear and metals specialist at the Merrill Lynch financial services group. "The reality is that gold is now a commodity just like any other. Many gold miners still think gold is something special or magical and not subject to the usual laws of supply and demand like copper or zinc or nickel. But it is."

But will everyone eventually stop viewing gold as an investment? Is the end of the affair an inevitable outcome of modernisation, when money transfers

are automatic and unseen, and there is talk that cash itself will disappear? When it became clear that people needed a medium of exchange, gold was the medium of choice. Croesus, King of Lydia, is credited with ordering the first gold coins to be struck in 550 BC.

Gold's great appeal was its indestructibility. It does not tarnish like silver and is generally not corroded by acid. Gold coins have been recovered from sunken treasure ships looking as bright as new. And the metal still has its modern moments. There was a rush to gold savings accounts in Japan after television newscasts of the 1995 Kobe earthquake showed an old woman tearing at the rubble of her house and triumphantly pulling out an unscathed, glittering gold bar.

There are estimates, not uncontested, that until 1890 only 10,000 tonnes of gold had ever been mined. The 1848-49 Californian gold rush changed all that, followed by the discovery of huge gold fields in South Africa in the 1890s. There was another belated rush in 1990 after the price jumped to \$850 – almost three times its present price.

Miners have been using new techniques and modern technology to locate and remove the gold. Last year, a record 2,350 tonnes were dug from the world's mines, or 75.56m ounces.

A turning point occurred when gold became a standard measure of wealth, personal and national. Formal "gold standards" were introduced by trading nations after the Californian rush ensured there was enough metal available. Britain's began in 1816 and the rest of Europe followed in the 1870s. The US did not finally divorce itself from a silver-gold standard until 1900, about the same time as India.

The gold standard was meant to discipline an economy. The price was fixed and the currency was redeemable in gold. The UK

gave up this system in 1919 but it persisted in the US until 1933.

Between the 1930s and 1972 there was an "international gold exchange standard" which involved central banks supplementing their gold reserves with certain key currencies that, in theory, could be redeemed for gold.

All this led to central banks building substantial stocks of gold and caused one Yale professor, Robert Triffin, famously to remark: "Nobody could ever have conceived of a more absurd waste of human resources than to dig gold in distant corners of the earth for the sole purpose of transporting it and burying it immediately afterwards in other deep holes, especially excavated to receive it and heavily guarded to protect it."

Today, most gold goes to make jewellery rather than into central bank vaults. According to the Gold Fields Mineral Services consultancy, 2,807 tonnes of gold was used by jewellery makers last year.

Unreconstructed gold bulls emphasise that this was far more than the 2,350 tonnes that came out of mines during the year. Demand for gold this year has been at record levels – Indians, for example, bought more in the first nine months than in the whole of 1996 – yet the dollar price of gold has slumped by 20 per cent. The price has fallen because of increasing fears that central banks will steadily sell off gold – they still have 37,000 tonnes tucked away in vaults, equivalent to more than 12 years' supply.

The new breed of central banker is not dazzled by gold and sees little point in having an asset that just takes up storage space. Some have been getting a modest return by lending gold to bullion banks, earning 1 or 2 per cent and adding to market liquidity.

That did not satisfy performance-oriented bankers, economic rationalists who were not charmed by the romance of gold. For them, as for the 14th century Scottish poet Andrew Wyntoun, "Oure gold was changyd into lede". So the central bankers started selling.

The Netherlands said in January that it had sold 300 tonnes, the fourth disposal since 1986; since then it has cut gold reserves by 20 per cent. In July, Australia

shook the market by announcing that it had reduced its gold reserves by two-thirds – even a leading gold producer seemed to have lost the faith.

And, two weeks ago, Argentina revealed it had sold its entire gold reserves in the first half of this year, all 124 tonnes, and invested the proceeds, \$1.46bn, in US Treasury bonds.

Echoing the views of other central banks that complain gold is an unproductive asset, Argentina's bank pointed out the bonds would yield an average of 5 per cent and were expected to bring in \$31m a year.

The biggest shock of all – and one that triggered the biggest one-day fall in the gold price for four years – came in October when a panel of Swiss experts suggested their country should sell more than half its reserves. Switzerland, which has a law forbidding such sales, had fervently supported the idea that prudent countries should have a reasonable stock of gold and had refused to sell an ounce.

There have been big profits made from gold's fall from grace. Some big US commercial banks have made a killing in the last year or so by selling gold short – selling gold they do not own in the expectation they can buy it at a lower price before they have to deliver.

The gold market is now very much in the hands of these banks and New York investment funds, according to Timothy Green, who has been tracking the gold business for 30 years. He suggests that the trade has changed more in that time than in the preceding 4,000 years.

In his book *World of Gold*, Green argues that the ending of a fixed price for gold

by international governments in 1968 and the transformation in communications have combined to change the gold market. "For many new players in the market, volatility, not stability, was the chief attraction; to them it did not matter whether the price went up or down, as long as it moved. The communications network brought everyone together, round the world, round the clock and made the gold price a moveable feast."

Nevertheless, there are still many millions of people who retain a deep faith in gold. There are large parts of Asia where only a social revolution could change the gold habit. In India, a farmer buys gold when the monsoons bring good harvests and he sells it when the rains don't come.

Gold rings and necklaces are lavished on newborn Indian children and an Indian bride is weighed down with gold jewellery. For an Indian woman, prevented by Hindu law from having any proprietary rights over her father's or husband's property, personal gold ornaments and jewellery offer financial security.

Gold has retained symbolic value in the straightforward transactions of rural India, but it has been diminished by the modern trading techniques in exchanges in the US and Europe. The money flowing into physical

gold – more than \$27bn this year – is overwhelmed by amounts ploughed into securities that are derived from gold.

In London in October, for example, gold worth \$1.16bn a day was traded. Using exotic cocktails of options, futures and warrants, the banks and funds are "relieved of the acute embarrassment of having to take delivery of a single ounce," according to Timothy Green.

But how long will gold's reserve of appeal last in developing countries? "Gold," says Roh Weinberg, analyst at Deutsche Morgan Grenfell, "fills many different roles simultaneously. It can be an adornment and an industrial metal; a means of displaying wealth and an anonymous form of saving; an insurance policy and a gambling chip; it is an international reserve asset yet officially it is not money."

In the western world more people are buying gold to wear, as jewellery or watches, because it makes them feel good and they can pretend to themselves that these objects will hold their value. They conveniently ignore the fact that the cost of design, production, profit and taxes usually far outstrip the value of the gold content.

But when it comes to bullion as an investment, and as a measure of national wealth, gold is a goner. The reverse alchemy is almost complete. Eddie George, governor of the Bank of England, like Fort Knox, one of the great citadels of gold, recently told a European parliamentary committee: "Whereas gold used to be seen as a good asset, it is now seen as the bottom of the pile."

**World of Gold, Rosendale Press, £21.*



An Indian farmer buys gold when monsoons bring good harvests

olution could change the gold habit. In India, a farmer buys gold when the monsoons bring good harvests and he sells it when the rains don't come.

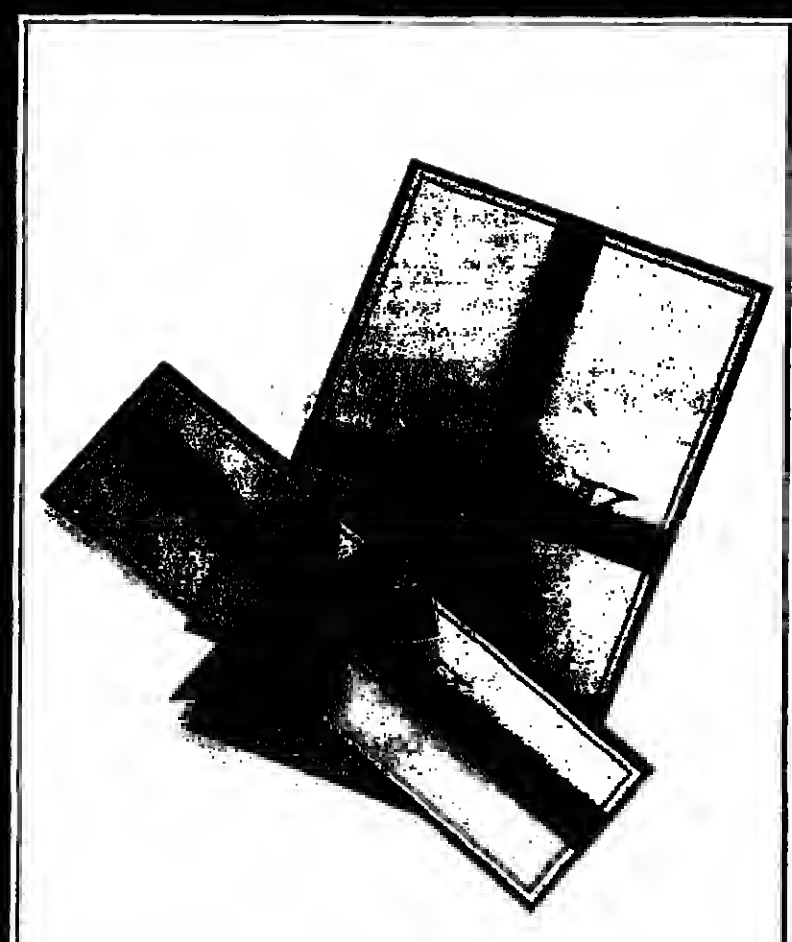
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'Oure gold was changyd into lede.' So the central bankers started selling

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The gold standard was meant to discipline an economy. The price was fixed and the currency was redeemable in gold. The UK



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Joe Rogaly
Global warming
'Most of us welcome the spread of competitive capitalism across the planet'
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The Crisis of '98
The writer and soothsayer
Paul Erdman starts a two-part thriller
In FT Weekend

PERSPECTIVES



Colin and Amanda Soden: 'Our eight years there were not a waste of time by any means. We educated our two children extremely well and Colin and I have satisfied our wanderlust'

Minding Your Own Business

Shutting the French window

After eight years, Groupe Soden has been translated back to Britain. Grania Langdon-Down reports

It was time to put up or shut up. Colin Soden was past 50 and time was running out for him to realise his dream of living and working with his family in France.

His wife Amanda, 16 years his junior, shared his aspirations and eight years ago they began disentangling themselves from life in England so they could take her 10-year-old son Roly and their four-year-old daughter Emily across the Channel to seek their fortunes.

They sold Amanda's nanny agency, gave up Colin's stockbroking partnership, took the children out of their private schools, sold their house in Suffolk, loaded up dogs and ponies and headed for France.

Amanda, now 44, already spoke French and Dutch, having moved to Brussels with her parents when she was 12 and studied in the Netherlands. "Everyone thought it was my idea to go to France. But it wasn't. Colin had always talked about wanting to live in France and having hit his 50s, it was time to go or stay put until retirement," Amanda says.

They bought a 13-bedroom, largely 16th century chateau with 20 acres of parkland in the Limousin region, 30 minutes from Limoges. For £100,000. The idea was to offer upmarket bed and breakfast accommodation and, eventually, conference facilities.

This was in January 1990. They needed to redecorate

the chateau, its two-bedroom cottage and stone outbuildings, as well as renew the wiring, heating and plumbing by the time the first paying guests were due to arrive three months later.

After working flat out on the renovations, they had about 100 families staying in the first year. Each following year, the guests brought in enough income to cover the chateau's running costs.

They had planned that their main earner would be the production of horticultural mulching bark, as they were living in an intensely forested area.

The initial plan was to market it locally in France and hope export restrictions to the UK would be lifted and that market opened. But their joint venture with a British company already dealing in horticultural bark collapsed when it was hit by the recession. Amanda says: "It was a scary time financially; that year turned out to be the loneliest of my life."

They decided to sell the chateau. Finding a buyer took three years. So, to keep themselves afloat, they took on a new venture, which was inspired by one of their guests, Gordon Gray, who runs Fox Pool UK. He asked Colin if he would be interested in being his agent in France, selling, installing and maintaining swimming pools.

Despite having no idea about pools or even any building skills, Colin took the plunge and set up

Groupe Soden. Under French law, the business had to be registered with the local Chambre des Métiers, or chamber of trade.

And then the dream hit reality. Colin, now 60, explains: "The Chambre informs eight different government departments, locking you into France's notorious bureaucracy. It meant we had to make three payments - one for our pensions, one for health cover and one to cover social security and children's allowances. As the health cover

would only have met 50 per cent of any hospital bills, we also had to take out health insurance.

All these payments came to about £7,000 a year, which they had to pay separately in quarterly instalments to each of the government departments. Yet, despite paying all that money, the benefits were laughable. If I had continued working until I was 70, when I could have drawn a pension, my pension would have been £7,500 (about £50) a month."

The complications multiplied as they took on part-time workers to help with the pool building. Colin says: "The pay slips involved dozens of different calculations to arrive at the final salary. You also had to pay to the government about half as much again on top of the salary in social security."

The couple finally managed to sell the chateau in 1993, but decided to stay in France until son Roly had completed his baccalaureate. They bought a farmhouse in Auch, near Toulouse, with a cottage attached which could be let. Their house move took them into a different French département or area, so they had to re-register Groupe Soden with the local Chambre des Métiers.

Amanda was keen to exploit her growing interest in French crafts by setting up an export company - French Fabrics Direct - which would enable her to trade in distinctive French material. The bold colours of typical Provencal designs, along with trimmings and lace, quickly attracted customers in Japan, New Zealand and Saudi Arabia as well as England.

Once bitten by the state-imposed costs of running a business in France, they expanded Groupe Soden's profile by re-registering it to include Amanda's work so they did not have to pay twice.

During his five years running the pool business, Colin installed 25 pools. Turnover was about £80,000 a year - which did not leave enough to survive on, according to

Amanda. "I supplemented our income by selling holiday homes to British buyers for a house agent on a percentage basis, giving English lessons, letting the cottage and building up my fabric business. The fabrics kept bringing me back to England on sales trips."

"It became very obvious that in 1996 England was out of the recession while France was still deep in it. My business was working and we needed to be in England."

In February this year, Colin, who wanted to stay in France, made his first trip back to the UK. Within two weeks, he was convinced it was the right time to return home and by the summer they had sold the house in Auch.

Amanda could now concentrate on establishing French Fabrics Direct in the UK, registering it as a limited company, and working from a tiny office in the Suffolk farmhouse they are renting.

She says: "It is all so much easier in England. We have an accountant and are registered for VAT, but we do not have to pay anything until the money starts coming in. We both pay National Insurance quarterly and tax at the end of the year, and that's it. People should be incredibly grateful for the way the system works in the UK."

Amanda's target for her first year back in England is for a turnover of £10,000 by September 1998. Within the first few months, she had

secured several orders, including one from the John Lewis Partnership for £3,000, others for £8,000, and £3,500 worth from Japan.

Colin is returning to stockbroking part-time. He enjoyed their French experience but warns that "in terms of business it is an absolute nightmare. I read a report in Le Figaro recently that there were 500,000 civil servants too many. That gives you some idea of what it is like - the system is regimented with state interference at every turn. It was also difficult for Mandy being in business there. In meetings with male bank managers or lawyers they would never speak to her, even though her French was much better than mine."

Amanda is now writing a book about setting up businesses in France. "Our eight years there were not a waste of time by any means. We educated our two children extremely well and Colin and I have satisfied our wanderlust. We are far more financially sensible than before and we have come back with a business that is up and running. Probably the only thing we have missed out on is keeping up with the housing market."

"What I would say to others is only venture abroad if you have a pension or some other income to support you because it can be absolute hell."

French Fabrics Direct, The Farmhouse, Letheringham, Woodbridge, Suffolk IP13 7RA. Tel: 01728-746215.

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1H NB 1C NB
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Paul Mendelson

The Nature of Things Stress and strains of motherhood

Victoria Griffith looks at the risks behind IVF treatment

The world has been riveted by news on the fertility trend over the past year.

In February, an Englishwoman won rights to her dead husband's sperm. In the spring, a 63-year-old Californian became the oldest known woman to give birth - by donated egg - after allegedly lying to a fertility clinic about her age. In October, a fertility patient in Atlanta had twins using eggs that had been frozen for more than two years. Last month, an Iranian, who had taken fertility drugs, bore septuplets.

This year's events seem to push at the outer edges of medical and social acceptability. Physicians worry about the stress of pregnancy on the bodies of older women. Some question the wisdom of such a large age difference between mother and child. With scientists growing increasingly certain that the age of the egg, not the womb, sets a cap on motherhood, it may be a mere question of time before a 70 or 80-year-old uses donated eggs to give birth.

Multiple pregnancies are of particular concern. Normally, a woman produces 10 to 20 eggs in a cycle. One becomes the dominant egg, effectively blocking other candidates. A patient taking fertility drugs to stimulate egg production often has no such controls - a defect that boosts the chances of conceiving more than one child.

Multiple pregnancies are also common in cases of in-vitro fertilisation (IVF) as physicians try to beat the odds of rejection by implanting many eggs in a patient's womb. Fertility treatments have increased the likelihood of having triplets in the US from one in 7,000 births a decade ago to one in 800 today.

Carrying more than one foetus is medically risky, for both mother and infants.

Women in multiple pregnancies are 10 times more likely to die from stroke and other complications than women in single pregnancies. The children of multiple births are almost always premature and they can suffer from a host of maladies, including respiratory illness, cerebral palsy and blindness.

Paediatricians worry about developmental problems as well, as harried parents struggle to cope with the logistical challenges of raising many babies at once. "The septuplets may be a medical miracle but they are a social disaster," says Geoffrey Sher, executive director of Pacific Fertility Clinics in Los Angeles.

While fertility treatments carry risks, demand for them is rising as women increasingly delay childbearing until their 30s or even 40s. The number of

patients seen by fertility clinics in the US has grown more than 25 per cent in the last decade.

More help for the infertile may soon be on the way. This year's birth of twins from frozen eggs has raised the possibility that women will one day be able to preserve their own healthy eggs when they are young, for use later in life. An experimental method using donor cytoplasm may also improve older patients' chances of having children.

Multiple miscarriages are often caused by chromosomal defects; it is nature's way of screening out the less fit. Chromosomal defects, in turn, can be traced to problems in cell division. Since cytoplasm - the fluid around the nucleus - works as the engine of this division, injecting an egg with cytoplasm from a younger woman may aid the process. Scientists are already experimenting with such transplants in the laboratory, to study the impact on chromosomal health.

While the new methods may seem a godsend to couples hoping for children, they are likely to raise as many questions as they answer. "How do we know the impact of combining one woman's cytoplasm with another's DNA?" asks Michelle Seibel, medical director of the Boston-based Faulkner Centre for Reproductive Medicine. "Who is the true mother, the cytoplasm or the DNA donor?"

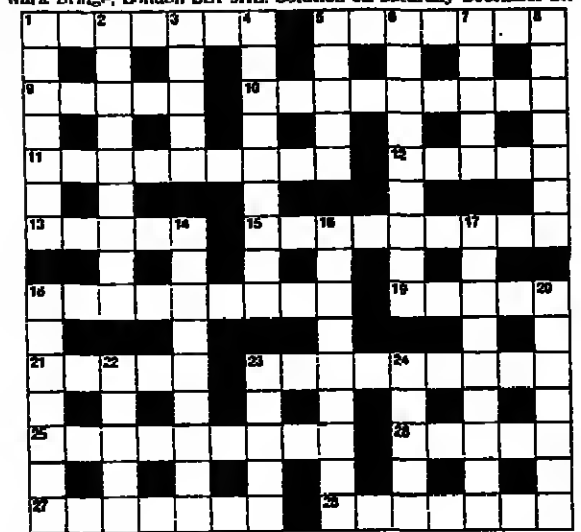
Such questions have augmented demands for new regulations to guide fertility treatments. Many rules are already in place. Ireland bans IVF. Germany restricts the genetic testing of embryos. The UK limits the number of eggs that can be implanted in a woman's uterus, to avert multiple pregnancies.

Yet regulations, too, are controversial. Restricting the number of eggs used in IVF, for instance, reduces older women's chances of pregnancy. Ethical values, moreover, often shift over time. Catholic hospitals in the US once refused to receive patients impregnated by artificial insemination; now such births are too common to warrant notice.

Is it wise to restrict childbearing? Should anyone over 50 be prohibited from having a child? Over 65? Could the rules be stretched to place limits on single mothers, gays, or people under a certain income level? As often happens, advances in science seem to be outpacing our capacity to cope with their ethical implications. In the field of fertility treatments, that gap will probably grow ever wider.

CROSSWORD

No. 9,557 Set by CINEPHILE
A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Tuesday December 23, marked Crossword 9,557 on the envelope. To the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 27.



Name: _____
Address: _____

WINNERS 9,543: Mrs D. Alder, Acton Trussell, Stafford; J. Anderson, Alderton, Suffolk; Jenny Barrowclough, Oxford; Mrs J. Goldby, Dury St Edmunds, Suffolk; D.H. Swinler, Killen, Rosshire.

The FT Christmas Crossword, set by Cinephile, will appear on Saturday December 20. A double-sized extra crossword for Thursday.

ACROSS

- When to be transported by a kiss on the head (3,4)
- Disorderly mob contained by rich confection like a lounge (7)
- 13 An electrical safeguard for a close shave (1,4,5)
- Half fathom battleship base? It's wrecked by a railway vandal (5,4)
- Stun a Labour listener, may be up a puntree (5,4)
- 24 Ecology News, a consultative document (5,5)
- See 9
- Where to eat first-class tripe with pastry backing (9)
- Looseners of 'en parties, possibly (9)
- Fixed teaching seems to be a bitch (5)
- 7 Astronomer writing article about youth club leaders, goblin and painter (5,5)
- Double originally provides Pict with alibi (9)
- 25, 27 Pancake mix for such as Britannia, with HQ on the South Bank (9,5,7)
- Nearly nothing, start to finish - not long, to wait (5,2)

Solution 9,556

DOWN
1 Speculation about torture in enclosure (7)
2 Domestic animals, upset by stage whisper, give way (4,5)
3 22 Clay for unfinished row of houses over the top one (10)
4 More left-wing style detective (8)
5 23 down US state part of speech, as in catchment area (5,5)
6 Bound to make boat glide (9)
7 See 21
8 Piece of a piece for rebel part of Commonwealth first of all (7)
14 Italian painter or conductor going round in reverse (5,4)
16 Link to a case is uncertain (9)
17 Nowhere near immediately (5,4)
18 French resort to be found among the opposition (7)
20 The French in a club for aircraft control (7)
22 See 3
23 See 5 down
24 See 12

Solution 9,545

BRIDGE

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Paul Mendelson

CHESS

Despite the missing boards and men at the first weekend of the UK's national league, the competition continues to grow.

Last month's third round at Kenilworth attracted 13 GMs, headed by Britain's No 1 Adams. The talented young squad from the defending champions Midlands are the early leaders, while the top seeds Slough have yet to recover from their controversial European Cup defeat.

The new contenders are Barbican, worthy defenders of the City of London, and Invicta Knights from Kent, strengthened by leading GMs Speelman and Nunn.

The latter's win shows how subtle flank play can undermine a seemingly strong centre (4 Grant v J Nunn).

1 e4 g6 2 Nc3 Bg7 3 g5 e5 4 Bg2 Ne5 5 ex4 d6 6 Ng2 f7 7 ex5 Bxf5 Active piece play rather than the routine gxf5, 8 0-0 Nf6 9 d4 0-0 10 dxe7 10 d5 or 10 b3 is better. In the game, Black develops pieces quickly.

Nxe5 11 Nd4 Bg4 12 f3 Bx7 13 Re1? Tactically clever, but opening the long diagonal for Black's Q and B-so 13 b3? Nxe4 14 Qb3 d6 15 Nxd5 Nxd5 16 Qxe4 e6 17 Be3 Qf6 18 Rad1 Kh5 19 Bcl Raes 20 Rxe7? This concedes another

open line, but White's game is already worse. Rxe7 21 Qb3 Nf6 22 Be3 c5! Black was angling for this tactic, which gains decisive material. 23 Nc2 Bxd 24 Qd3 c4 25 Resigns.

For 15 Qd2 Bxc2 26 Qxc2 Rxe7 wins.

No 1207: FT reader Trevor Hayes (Haverfordwest) spotted something the grandmasters missed. 4 Rb6! forces mate next move and is three moves quicker than the published solution.

No 1210: White to move, what should be the result? White is a rook and bishop ahead, but

the black pawn is poised to queen. This simple-looking puzzle has defeated several strong players who have missed its surprise outcome.

Solution, Back Page

Leonard Barden

PERSPECTIVES



Joe Rogaly

The world through rose-tinted spectacles

It is count-your-blessings time – co-operation and goodwill are getting the better of fear and greed

Hallelujah. The end of the year approaches. So does the end of the century. Likewise the millennium. We may quake in fear of what is likely to happen next, but that is no way to live. Optimism is the only sensible choice. It is count-your-blessings time. Pollyanna Day, with season's greetings.

This may surprise some regular visitors to this space. If on rare occasions we are cynical, gloomy, prone to dark forebodings, it is partly because Beelzebub has the copyright on such devilishly good tunes. He has purveyed them for most of the 20th century. I am happy to remind you that some of his anti-hymns have recently faded, are now off the charts.

It is less than a decade since communism collapsed. The prospect of nuclear annihilation,

once constantly present, has receded. Democracy is spreading. Government intervention is no longer the normal response to every problem. The fruits of market capitalism constitute an abundant harvest.

Even Gaia, the earth-mother, may be permitted a weak smile. That is the positive way to regard the green treaty negotiated in Kyoto this week. It sets a framework for internationally agreed action by 160 countries, whose delegates pledged their home governments to reduce emissions of noxious gases. The US, the European Union and Japan initiated it.

We should be thankful. It is potentially as important a move forward as the deal reached in Montreal in 1987. That is already limiting the production of chlorofluorocarbons, chemicals that destroy the ozone layer. Their

use is being phased out. Manufacture will eventually cease.

The effect on humanity's thinking of Montreal plus Kyoto could be dramatic. Over the past couple of decades concern for the environment has entered the global psyche.

Decisions made by governments and companies are never business, always personal. They are taken by individuals. A generation of executives and administrators is steadily being greened.

In another 10 years or so a new cadre of globally conscious men and women may welcome conservation, cleaner technologies, and low-energy manufacturing methods. Some of them will be US senators. Even our old friend self-interest may be turned to the common good. This is already affecting the actions of companies.

Take, for example, Unilever. One of its products is fish fingers, made from a coating of batter wrapped around pieces of cod. Alas, Atlantic cod is being fished out, along with haddock and herring. No surprise there.

The world's governments spend \$54bn a year on subsidies to a fishing industry whose global product is worth \$70bn. Attempts to impose limits by treaty are unlikely to succeed.

The company knows where its interests lie. It has joined with the World Wildlife Fund for Nature to set up a "Marine Stewardship Council", based in London. This independent body will certify fish that are caught by sustainable methods. Unilever, which is a prime customer, will not buy what is not certified. The first priority of the company is "to be a profitable business". That means conserving its future

resources of raw materials.

Heavens. These rose-tinted spectacles certainly soothe the aching eye. We might attach them to one of those chains that leaves them dangling around the neck.

There was no need for such glasses this Tuesday. In the British house of Commons a Conservative spokesman, addressing a New Labour minister, said of the UK government's plans for the National Health Service that "there is a touching Old Labour faith in co-operation and goodwill". Quick as a flash came the reply: "I'll plead guilty to that."

So would we all, if we had a proper sense of what it is to be human and civilised. Let me adjust my pink lenses. Most of us welcome the extended application of market principles, the spread of competitive capitalism across the planet. Together these

developments could improve the lives of many people.

But Mammon is one of Beelzebub's close cousins. Co-operation and Goodwill are no relation. Introducing these forgotten cherubim to a parliamentary debate is a welcome antidote to the prevailing demons that inhabit our thoughts.

The same might be said of that other celebrated cherubic duo, Truth and Reconciliation. The commission of that name sitting in South Africa is not without flaw, but it is a physical expression of the extraordinarily peaceful transfer of power in the republic.

We now hear suggestions that a similar process could be helpful in Northern Ireland. Excuse me if I do not comment on that. Not today.

Today is for recalling what there is to be cheerful about. The

world's population is still growing, but less rapidly than was predicted by the Malthusians among us. The financial markets are rarely stable, but the system seems to have survived the recent turbulence. Scientists have disassembled the very stuff of which we are made, but there are known benefits to be derived from genetic research. I suppose even electronic communications have their useful side.

You could take the picture I have given above as the best possible perspective from which to view the world. The case in favour is that greed and fear are not the only forces that determine human behaviour. They are powerful, to be sure, but so are co-operation, goodwill, truth and reconciliation.

Normal service will be resumed next week.

Joe Rogaly

Lunch with the FT

Darkness at the heart of a past master of snow

Jean-Claude Killy, three times world skiing champion, tells Arnie Wilson of the dangers of sleeping with the past

Jean-Claude Killy has hardly changed since his astonishing feat of skiing off with three gold medals at the Grenoble Winter Olympics almost 30 years ago.

Still handsome at 54, the Frenchman is still swooned over in the street, even as far away as in Aspen, Colorado, where, in a meeting with adventure skier Glen Plake (Mohican haircut meets winner of *Legion d'honneur*), Plake told him that he was the person he most wanted to meet in the world. As a boy, Plake had kept a photograph of Killy on his bedroom wall.

Killy, also three-times world skiing champion, was such a familiar face after his Olympic hat-trick that he even turned up as an actor in a B-movie shot in the Swiss resort of Zermatt.

"I was a big movie star. I had the part of a thief. I stole some money in a ski resort. And the only way to escape without being caught was by skiing. It was a good film, but not successful. Funny enough, the film people didn't call me after that."

The film had other rewards, however. On location, Killy met his future wife, actress Danielle Gaudet. She died of cancer 10 years ago.

At about the time of his wife's death, Killy gave up skiing. "I am snowboarding now," he said over an indifferent *escalope Milanese* at the London Outpost of the Carnegie Club in Cadogan Gardens.

But he is busy with other projects: he is chief executive of the Paris-Dakar rally and the Tour de France, and markets his own ski wear.

Had he not been a skier, he says, he would have been a tennis player, wrestler, cyclist or soccer player.

"Because of my great need to win, I could have excelled at many sports. I had this determination to succeed. I was single-minded. I use an exercise bike four times a week. And I'm on the road in summer – in the Alps and the Pyrenees. Jeep – I know a lot of mountain passes."

His determined image is enhanced by a scar on his jaw – "The girls really love it," he says. It was inflicted by a ski-pole in a childhood

accident at his adopted home of Val d'Isère, where the local slopes are named after him – L'Espece Killy.

That scar is also a clue to a more disturbing personality trait: he claims to hide a "profound violence" in his soul.

"I am secretly quite a violent man. You can't be any other way if you want to be the best. I normally contain it well. No one knows. 'You are born with it. You live with it all the time.' I was startled to hear this, since everyone had told me how easy-going he was. Was his sense of humour a way of avoiding violence?"

"Perhaps. People say I have a good sense of humour – especially making fun of myself."

My next question com-

'It was a good film, but not successful. Funny enough, the film people didn't call me after that'

pletely floored him: Do you like people?

It was a full 15 seconds before he answered – I timed it when playing back the tape of our meeting.

He then spoke of his love for his father. I pressed him: "You haven't really answered my question."

Another long pause.

"There are people I would probably give my life for. And people I wouldn't even spend two minutes with. No in-betweens."

His violent side was kept under check in Algeria, where he was called up to fight, briefly, in the war of independence in 1962. Did you kill anyone, I asked.

"No, no, no. I had fun. I loved driving. I said I'd do anything you want as long as you give me something to drive. They gave me a tank."

How did he feel about what was happening in Algeria today? "It's mon-

strous. Monstrous. I know how the people are – how they can be. It's heartbreaking because we – the French – are probably responsible in some ways for how they are."

But the violence came perilously close to the surface when he attacked the French minister of sport in 1972. Killy was trying to revitalise the French ski team and went to see the minister with Leo LaCroix and Guy Perrilat, two other top French skiers, offering themselves as trainers.

"I said to the minister: give us six skiers and we'll win at the next world championships. But he said: 'Get out of here, you old jerks.' I was so angry I almost strangled him. I swear to God."

But Leo LaCroix (so often nano-seconds behind Killy in the world's top ski races) stopped me. Leo is a pacifist.

Killy, who at one stage had considered standing for high political office, had a more relaxed relationship with President François Mitterrand. At the Albertville Winter Olympics, of which he was co-president, he helped introduce the president to the complexities of the Mexican wave, or *La Ola* as the French call it, having to pull him back into his seat at one point.

Killy seemed unconcerned at the lack of any choice of menu at the London Outpost, where you are more or less obliged to have what

they give you. The Carnegie Club has no restaurant as such, but the chef will throw something together for members to eat in their rooms or the conservatory.

We started with avocado prawns, and ended with *poire Hérôme* – years poached in red wine.

In spite of a healthy appetite, Killy looks as lean as a stick. "I've never had a weight problem," he said. "It was 76kg in Grenoble, it's 76kg in London today."

But don't you feel a bit of a traitor, taking up snowboarding after making your name as a skier, I asked.

"Not at all. No. I think I'm just respected as a sportsman, whether I'm on the International Olympic Committee, Tour de France or in the desert with pilots. I don't try to sell snowboarding to anyone. I just love it. It's fun and it's faster on soft snow than with skis."

The advent of snowboarding has not been so good for Killy's ski-wear interests. A couple of years ago, Killy Ski ran up a nice little grunge outfit and gave him one. Most of the remaining 1,499 suits were unsold. "Killy and grunge didn't go together," he said. "The range flopped."

A few years earlier, after Killy had become engrossed in organising the 1992 Olympics, Paul Goldstein's Nevica company had taken over the running of Killy Ski, with Killy retaining an interest.

A new range of performance sportswear for men is being launched this winter,

called Killy Sport, which uses "air-water technology" to keep the harshest weather out. The range includes clothing for expeditions, and sailing. Lightweight wear for spring skiing and cold-weather casual wear.

Not including women's wear in the new Killy Sport range comes as a great relief. "We can make great men's suits – no problem," he said. "It's the girls. Trying to combine style with function can be a nightmare. A functional hip pocket on a girl's suit, for example, is just unsellable because it can make a woman's hips

'I am secretly quite a violent man. You can't be any other way if you want to be the best'

look too big. It took us 20 years to find this out!

"Women want all the advantages of a practical suit – to be dry, warm, happy and content – and at the same time they want to look glamorous."

Franz Klammer, the much-loved and much-bemoaned "Kaiser" of Austrian skiing, also flirted with his own clothing company. Killy's

venture has proved to be the more enduring. But who was the greater skier?

I had spoken to Klammer a few days earlier and he had told me: "Although he was a brilliant skier, downhill was not Killy's speciality. I would have beaten him six times out of 10."

I put this to Killy. There was another long pause as he sucked in a few strands of spaghetti. "Mmmm," he said. He was thinking rather than savouring his lunch.

"Klammer was a downhill specialist. If I had concentrated on downhill, it would have been difficult for him. But my problem – and it was a very big problem – was to be on top of all three ski events (downhill, slalom and giant slalom). It was a major headache. It's a monster to attempt to ski at the Olympic Games in three disciplines. So what Klammer says is probably true."

It's said that when you were racing, you hated the Austrians with a vengeance. "We hated them like you wouldn't believe, but we respected them. It was so impressive. And they'd never stop trying to beat us to death. I was very much like them."

Killy, however, has no wish to submerge himself in nostalgia. "I gave most of my trophies away to the Olympic Ski Museum in Lansanne. My Hahnenkamm trophies are rusting away in my brother's shop in Val d'Isère. They're not even on display any more. But I

couldn't care less. Living today is a lot more interesting than sleeping in the past."

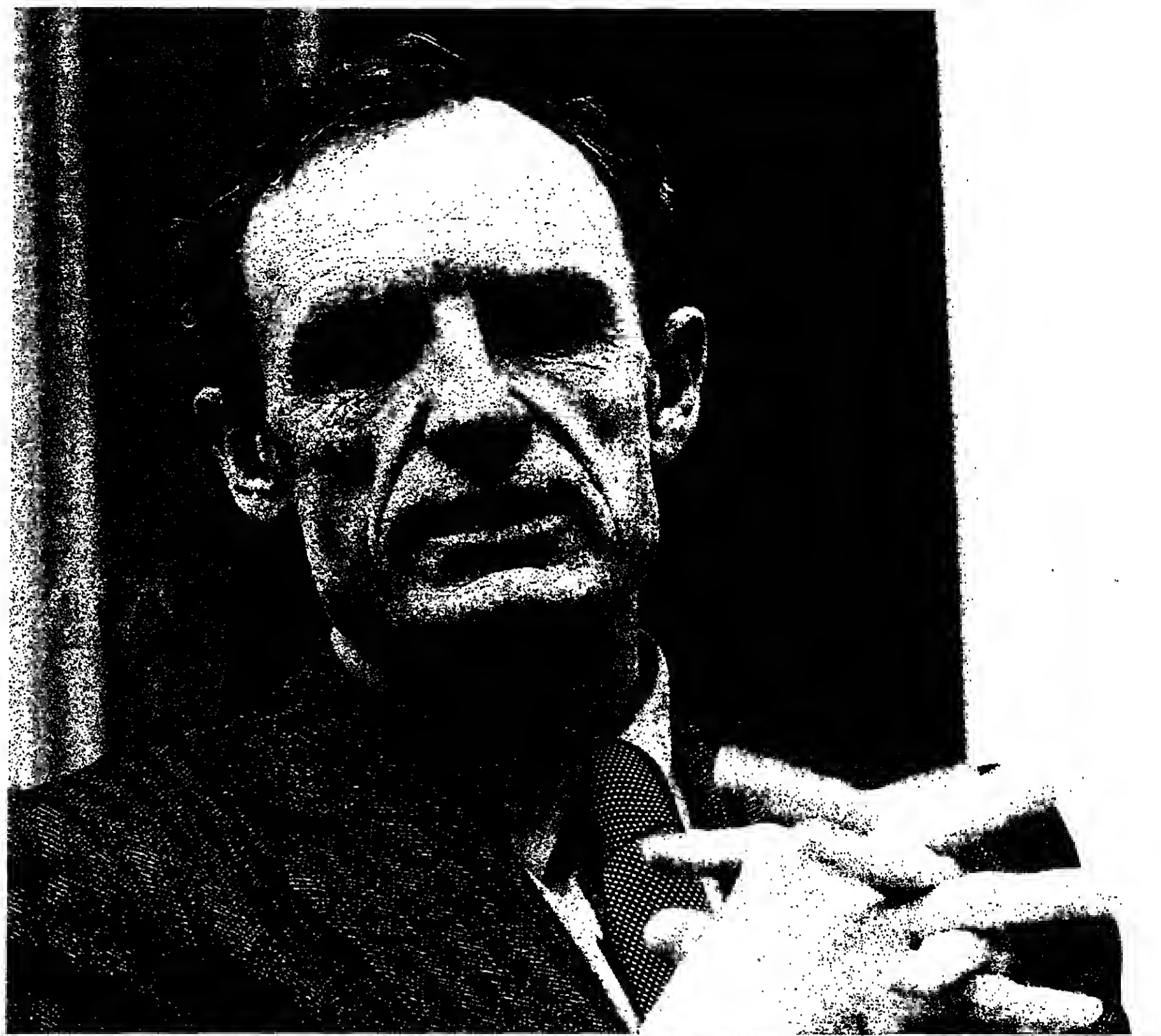
Will Killy ever ski again?

"You never know what life

has in store for you. I keep being surprised by what life has to offer. But, as of now, I have no plans to ski again."

Never?

"Never say never."



Jean-Claude Killy: 'There are people I would probably give my life for. And people I wouldn't even spend two minutes with. No in-betweens'

Arnie Wilson

KEEP SOMETHING WITTY UP YOUR SLEEVE

QUACK QUACK

GLUG GLUG

PUFF PUFF

CLINK CLANK

EVEN AN OCTOPUS CAN'T HAVE TOO MANY OUTLINES. BOOST THE MORALE EVERY MORNING WITH THESE ELEGANT WITTEGEMS IN STERLING SILVER, EXCLUSIVE TO LINKS OF LONDON. WITH 150 TO CHOOSE FROM, FROM £50 THE PAIR, THEY'RE IDEAL CHRISTMAS PRESENTS (GUESS WHAT SANTA CLAUS HAS UP THOSE BIG RED SLEEVES).

LINKS OF LONDON

Jersey Street, Falmouth Road, Broadgate Circle, Lina Street, Blue Lane, Chancery Lane, Terminal One, Heathrow Airport

PERSPECTIVES

Christian Tyler finds two villages are settling old debts on the gaming tables of the casinos

No rivalry is so ferocious as that between neighbours. Founded in the 1858 gold rush, Central City and Black Hawk have been rivals for as long as anyone can remember. Sharing a gulch 8,500ft up in the Rocky Mountains behind Denver, Central City always looked down with disdain on Black Hawk, while Black Hawk looked up with envy at Central City.

"City" is too large a word. These places are villages, one perched scarcely a mile above the other. Physically, they couldn't be closer; socially they are miles apart.

Central City boasts an opera house where Edwin Booth, Lillian Gish and Noel Coward played. It has the Teller Hotel, where president Ulysses Grant and Mae West slept (though not at the same time). It can point to visitors such as Buffalo Bill Cody and Doc Holliday in the 1890s, Allen Ginsberg and Jack Kerouac a century later. Each year it hosts the Yellow Rose Ball, when a dozen residents from Colorado's oldest families make their social debut.

After its heyday, Black Hawk declined to become little more than a row of shacks. It is hard now to imagine the scene when John Gregory struck gold in 1899 and some 15,000 miners poured into the place. The workers, the mills, smelter and railway terminals were housed in the lower town.

The owners and the rich went up the hill to Central City which, by the early 1870s, had a population of 5,000, twice the size of Denver's. It failed by only one vote to become the state capital.

Now the two neighbours are at each other's throats again. And the cause is a second goldrush: gambling arrived in Gregory's Gulch in 1991. This time, however, the boot is on the other foot.

Not all is enmity. The mayors of the two communities, Kathryn Becker in Black Hawk and Don Mattivi Jr in Central City, are cousins and were pictured embracing in the most recent issue of *The Little Kingdom Come*, Central City's jokey journal. (Under the subtitle "Somewhat Violent Anti-Black Hawk Issue", the same edition featured a plan to bombard the rival village with deep-frozen chickens.)

Central City is not always gentle. Some years ago, locals say, a mayor who failed to get re-elected rode naked round town on his Harley Davidson motorbike firing a shotgun in the air.

Dolores Spellman, who guides visitors round the opera house, has a foot in both camps: her son David is an alderman in Black Hawk. "How would you like to have Central City's rubbish dumped on you for 100 years?" she says. But when her son tried to join the Elks' lodge in Central City, he was heavily voted down. Gossip says they even ran out of black balls.

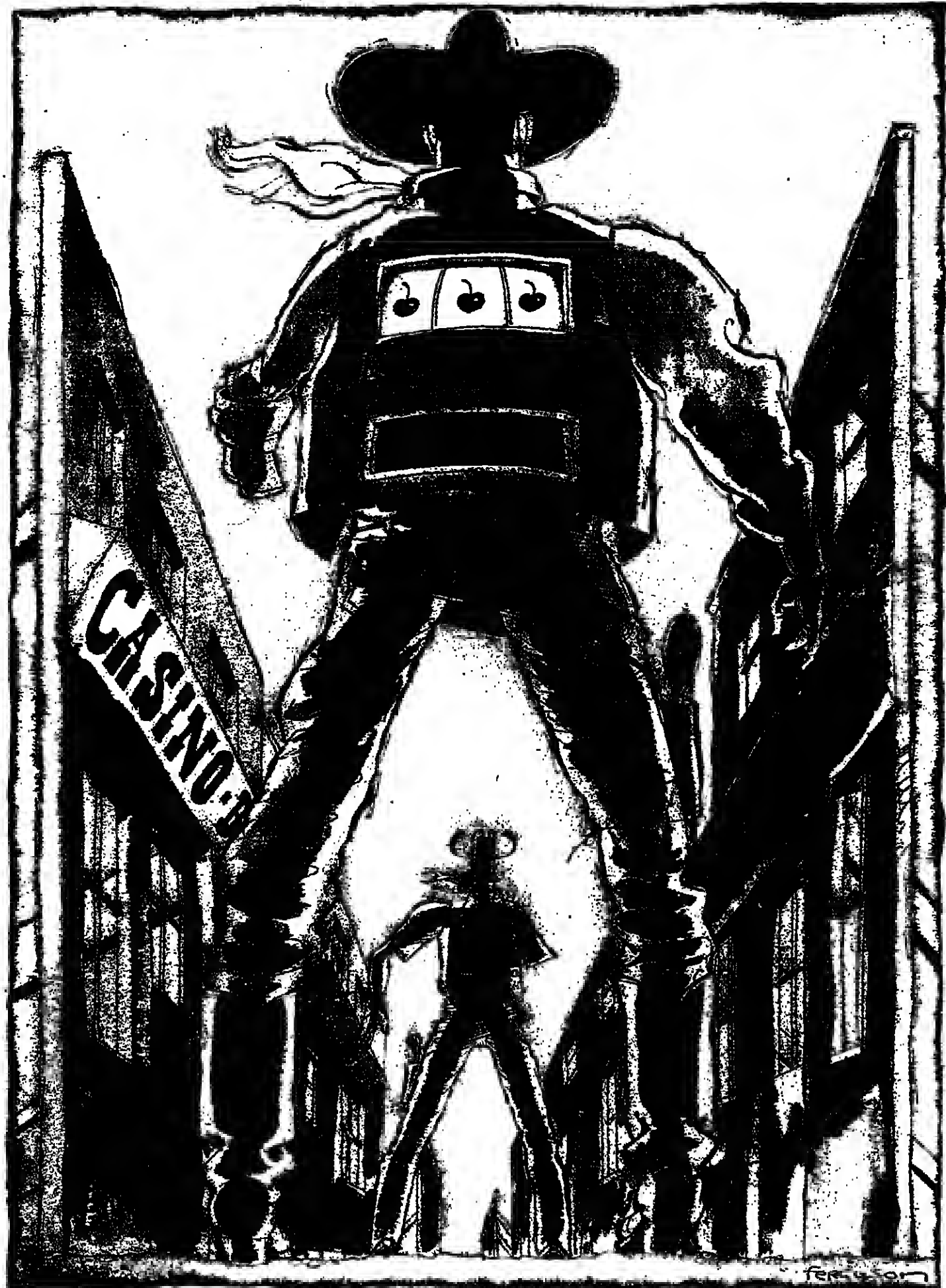
The trouble, says Central City (pop 310), is that Black Hawk (pop 90) is tearing them to pieces.

You would not guess it from a casual walk along Main Street and Eureka, where housewives and pensioners up from Denver, muffled against the snow, run between the casinos with yogurt pots full of nickels and quarters in their fists.

Behind almost every wooden storefront, each restored to its gold-rush glory, stands a regiment of one-armed bandits - "slots" as they are known - which burble, bloop and clatter to the sound of piped music. There are more slots upstairs, and bars, restaurants and tables for low-stake blackjack and poker.

There used to be queues outside the Teller House casino. No longer. "We're not actually making a loss here," says Roger Shustelewicz, a former librarian from the English Lake District, who is the manager. "But we've had to be very smart, very clever."

For the past five years Central City's casinos have reported collec-



High noon with the village next door

tive losses, and their number has dwindled from 33 to 11. Meanwhile Black Hawk has enjoyed soaring annual profits. It has 24 casinos, staffed by commuting workers, and two vast new ones are being built. A third is awaiting approval. There is even foreign interest: the British-based leisure group Ladbrokes is buying the company which runs the Bullwhacker casinos - two in the lower town and one, less successful, in the upper.

In Black Hawk's Gilpin Hotel, a woman was sitting in front of a slot machine, chain-smoking. The tray was full of dollar coins and she looked very tired. It was dark outside and snow was falling. The woman, who said she was a widow from Aspen, the fashionable ski resort, confessed in a cracked voice that she had been playing for two days. She had come with \$2,000, saved over the past six months, and was presently \$2,370 to the good.

"I reckon I'll be a cheap vacation, she said. 'The more tired I get, the more it relaxes me. But I think I'll stop now.'"

Limited-stakes gambling was permitted in the two villages and also in Cripple Creek, about 60 miles to the south, after local pressure led to a state-wide vote in 1990.

The idea was to stop these communities becoming ghost towns, like so many other gold rush settlements before them. The bitter paradox is that Black Hawk, which had little heritage to preserve, is now undermining Central City which is crammed full of it.

Why did it happen? Not only did Black Hawk have fewer old buildings to cramp its expansion. It also has the better location. Gregory's Gulch widens out there, making room for car parks and big new buildings.

Also, the village lies on the state highway which leads to the Rocky Mountain National Park, whereas Central City is reached by a side road. The result is that gamblers who come by bus may find themselves dropped off in Central City, but car commuters may never even see it.

Furthermore, Central City did itself no good at all by declaring a

year-long moratorium in 1992. Residents had expected "a few slot-machines here and there", as the lady in City Hall put it, but were shocked when nearly every building was snapped up for gambling and property prices rocketed. So they called a halt to development.

Black Hawk cashed in. "They are glorying in it," says Charlotte Taylor, editor of Central City's newspaper, the *Weekly Register-Call*.

Central City's hopes of salvation rest on a \$30m road, which it wants to link it with the east-west interstate highway 70 that runs nearby. But the project has been stymied. First, a vital bit of land was bought up in an apparent blocking manoeuvre by Black Hawk interests. Recently a federal district court ruled that the proposed spur was not a state responsibility. So Central City has to find the money itself.

Both villages would benefit from a bypass. The road up from Denver is often jammed in summer and can be dangerous in winter. The real question up Gregory's Gulch is, who would benefit the

least? In the meantime, as they look askance at the building sites of Black Hawk, Central City's casino owners are praying that over-capacity will teach their inferiors a lesson. Both villages agree that the gambling market is growing, not least because Denver's economic boom is attracting thousands of immigrants from California and elsewhere.

But Black Hawk is already adding 1,800 more slots to the 5,300 it already has, and before too long its capacity could increase by more than half. Average takings seem bound to fall, and casinos with them.

All this is immaterial to the punters, of course. Among the hundreds of thousands of visitors to "the richest square mile on earth" there are plenty who scarcely know which place is which. So long as the wheels keep spinning, it's all the same to them.

A busy Black Hawk casino supervisor with a mobile phone clamped to his ear said: "There's no solution for Central City." And he smiled grimly.

A window seat on the bus to now

Paddy Linehan is acutely embarrassed in Afghanistan

The leaders of the Taliban now controlling much of Afghanistan heap scorn on the western world and its values. Many of their extreme perceptions of western morals and disposition towards them and their faith are gleaned from the media. But you wonder about the impact of chance encounters in the past, when passage into Iran and Afghanistan was easier.

Some westerners acted with a superior attitude that soured relationships. I was an embarrassed witness to one such incident.

When crossing from Iran into Afghanistan, that side of the border was so shabby it was almost homely. The only neat thing was a line of ancient battle-weary minibuses. I wasn't sure at first whether they were still in use. Suddenly, a madly waving young man sprang from one and approached me with good-natured emergency. "Queeki, queeki for Herat."

His urgency was convincing and I bundled in thinking he was about to take off. I was the first. About every half hour another soul made it over the border. He repeated his "queek, queek", so it took only seven or eight hours to fill the vehicle.

In the intervals we became acquainted. He wore the dark pyjamas and flat cap with rolled brim that is *de rigueur* in these parts - Chitrali caps they are called. He had a gold tooth that illuminated his frequent smile. He did one return trip to Herat every day, he told me. It was a good living and he enjoyed his life. "I like to meet the foreigner," he enthused. Not after today he wouldn't.

Mohammed was his name. At intervals he repeated his welcome like a mantra: *Ahlan Wah Sah'lan*. His slowly assembling clientele was made up mostly of local travellers.

When we were almost full, three other westerners joined us. There was a quiet Danish guy, and Arlene and Gary from "New York City". Gary knew most things and Arlene was very busy with chewing gum. She displayed an amount of skin that a woman shouldn't in Afghanistan.

She chewed the gum with her mouth open. She would get a thin film between her lips and then she'd poke her tongue through it and flash it victoriously from one corner to the other. I wanted to shout out that I wasn't with them. But they imposed themselves on me for my protection.

Gary knew what these fellows were like and wasn't going to let them get away with anything. Mohammed started to collect his fares. It took a while before he got to the foreigners. Gary was watching with the keen eye of one whose main hobby is counting money.

"How much?" he accused Mohammed when our turn came.

"Two dollars, please," Mohammed smiled, proud of his English and oozing bonhomie. I reached quickly for the amount, anxious to divert the argument that I felt was swelling in Gary. Standing up he said: "No way! I know the fare; you

don't rip off me and my friends. One dollar!"

I died with embarrassment. Everyone stared and Gary and Arlene loved it. They took it as admiration. Mohammed was shaken but he put his request once more. Gary replied with a dissertation about how things are done in the US. He was really educating these folk.

Mohammed was taken aback. He thought for a little while then shrugged his shoulders and walked away. Even from his back I could see he was deeply offended. And was Gary triumphant?

"See, that's the way to deal with these sharks," he boasted, still standing even after the bus had shuddered into motion. He was so puffed up by victory he couldn't stop swaying, like an ice hockey hooligan. I could find no safe place for my eyes. Everywhere they caught accusation.

We trundled along corrugated roads from desolation to desert. Gary eventually settled back into his seat with a self-congratulatory shuffle.

She displayed an amount of skin that a woman shouldn't in Afghanistan

Arlene cuddled in close in approval and admiration of her man. The locals feigned disinterest. The ribbon of road seemed to stretch forever to the horizon. Every 10 or 15 minutes Gary would get a relapse of victory and have to stand up again to explain how he defeated these people at their game.

"That will teach him to rip off a United States citizen. You follow me Paddy, I'll see you right." It was just after one of these triumphant outbursts that Mohammed brought the bus to a deliberate halt.

It felt ominous. He turned off the engine. We were about 60km from the border and 50 from Herat. It was as desolate a place as ever I had seen. The sun was setting and nothing could be seen between us and the distant red horizon. The silence after the raucous noise of the engine was eerie. The wind whistled.

Mohammed came down the centre very slowly. He stood for a second and then said quietly: "Now, \$2, please." Gary's jaw dropped. You could see realisation slowly hitting him. I wanted to jump up and clap Mohammed on the back but instead I dived into my belly bag and held out \$2. He ignored me. He just waited while Gary scoured every pocket trying to think of a way out.

Eventually, he had to hand over. Not finished yet, this talented operator held his receiving hand up high, forcing Gary to reach up to it in clear view of all. I am sure that in that moment was forged a strand in the mesh of resentment of things western.

Then it was prayer time; everyone got out and gava thanks to Allah.

Clouds gather over African skies

Michaela Wrong takes part in a revolt and - briefly - feels all the better for it

We were sitting under the shade of the trees when a third person approached and asked if we would like to sit inside the cauldron-hot airline office. We realised we were up against it - again.

A serious case of Waiting Room Syndrome (scientific name: expectans frustrans infinitum), familiar to the layman as a pronounced need to impose meaning on the universe by packing human beings into poky antechambers with no imminent prospect of liberation.

We had come across it repeatedly since arriving in the Democratic Republic of Congo. Whether asking for a ministerial interview or a briefing with a company boss, Waiting Room Syndrome kept rearing its head, usually preceded by Badgitts - the compulsion to give someone a tag, insist they pin it on, then never look at it again.

Congolese waiting rooms, in fact African waiting rooms in general, are all strangely similar.

The broken vase with plastic roses is *de rigueur*. So are the stained carpet, aromatic toilets in the corridor outside and the roof tilting that is slowly peeling away.

They specialise in manure-coloured sofas whose springs died long ago, which suck down the sitter like deep sea monsters.

"*Mettez-vous a l'aise*," say the secretaries, gesturing you into the room with the seductive grace usually reserved for Congolese's cabin crew. Sink into these velvet traps, register the scores of resigned faces around you, and you know you are lost forever.

We tried not to play ball. We sought refuge in gardens, under the shade of the trees, explaining politely that the heat was stifling and we could be equally patient in the fresh air.

The level of irritation this caused was remarkable. One by one, secretaries, officials and *directeurs de cabinets* asked, implored and finally threatened us into accepting our fate.

And I suppose they were right. For to skirt the waiting room is to step outside the system, to refuse to acknowledge one's own unimportance. It means shrugging off the trance that immediately envelopes those who assume the sitting position, in which the principle that a minister should keep them waiting hours, days, weeks or even months, is accepted without question.

When Waiting Room Syndrome is in full flood, you forget why you came or even which country you are in. A journalist friend describes waking with a start in a ministerial antechamber and

being ushered in to see the big man. Utterly befuddled, he had to undertake the delicate task, based on his interviewee's responses, of working out which

In a couple of hours you will no longer care if you are received at all

war-ravaged African state he was visiting.

Give in to Waiting Room Syndrome and in a couple of hours you will no longer care if you are received at all. By the end of the

day, waiting will have become an end in itself and you will be masochistically looking forward to more of the same the following day.

I first came across the problem while working for Reuters in Paris, when door-stepping VIPs as they emerged from the president's palace or prime minister's office was part of the job.

It soon became clear that there was a cut-off point after which you might as well leave. For the first 45 minutes, you were still capable of peppering your victim with challenging questions. After that, you would be so deeply afflicted by Waiting Room Syndrome, usually manifested in an unhealthy interest in the photographer next to you, that Francois Mitterrand could have tripped headlong over the Elysee

cobbles without raising a flicker of interest.

That lesson, it seems, has been imbibed by the Congolese. They regard balking at the Waiting Room as deeply subversive, for it raises the possibility of anger.

Agree to enter and their relief is palpable. Now they can go and forget about you in peace, confident in the knowledge the person you arranged to see has no intention of returning to the office after lunch.

Only once did I see Waiting Room Syndrome fail to weave its magic spell. It was our third visit to the Angolan embassy in Kinshasa in search of a visa.

Like the dozen Congolese applicants around us, we had swallowed the increasingly surreal requests. We had squatted on the floor to fill in our forms, lent the

embassy official our spectacles so he could read our applications, guessed the age of the government press attaché in Luanda (617) and acknowledged that green ink was unacceptable on official documents.

All to no purpose - it was clear no one that day would get a visa. But to our amazement, Waiting Room Syndrome suddenly evaporated as the traditionally patient Congolese rose to protest at levels of incompetence that made even the former Zaire look a model of bureaucratic efficiency.

It was a heady, heady moment as we crossed the invisible Waiting Room threshold and stormed the office shouting for service and telling the Angolans they could take their up diamonds and oil and go to hell. We supped on the spirit of revolution and it tasted good.

Of course, while we did so, the embassy officially closed. Visa applications will be accepted again on Monday, so please take your place in the waiting room.

From nursery rhymes to naval history

Jackie Wullschlager selects the perfect titles for family and friends

Big and bright as baubles, juncos, more fantastical than anything you would buy for yourself: a Christmas book should thrill a child, soften a Scrooge and indulge the extravagant in all of us.

My children's book of the year is an exquisitely witty *Emperor's New Clothes* (Walker Books, £10.99), set by Angela Barrett in a small kingdom during the belle époque just before the outbreak of the first world war, when fashions were decadent, courtiers corrupt, and crowds nervously fawning: the illustrations are a cross between George Grosz and Arthur Rackham. Naomi Lewis' translation is superb, and this elegant work would be a sophisticated present for anyone.

No story lives in the imagination longer than a child's picture book, and a wonderful way to begin a baby's library is with a classic which will also amuse parents. The quirky pictures in *The Orchard Book of Nursery Rhymes* (Orchard Books, £12.99) reflect the mysterious character and inconsequential humour of our heritage of rhymes. Faith Jacques sets them in the late-18th century, when they were first written down, and keeps to Georgian colours, fashions, wigs, hats, breed of dog (dalmatians for the rich, mongrels for the poor, whippets for a country vicar); social details are explained in an engaging postscript. P.J. Lynch's *Favourite Fairy Tales* (Walker Books, £12.99), consists of ten essential folk tales (Puss in Boots, Cinderella, Sleeping Beauty...) and is gorgeously illustrated, dramatic, intricate, and well told - is not overdone, as in many modern collections.

For a Christmas book which a baby can handle himself, Felicity Baker's chunky boardbook *Toys on Stage* (Bloomsbury, £4.99), shaped like a theatre, full of cuddly creatures putting on a pantomime, is first choice: the simple verse reads well out loud. Clement C. Moore's

The Night Before Christmas (Collins, £12.99), beginning in hushed suspense, rising to the rollicking crescendo of Santa Claus' arrival, is a familiar Christmas tradition in many homes; Christian Birmingham has stunning illustrations to this and to *A Classic Christmas Treasury* (Collins, £12.99), a mix of carols, stories, poems: thickly-layered paint, giant impressionistic sketches of sleigh rides and snowflakes.

A perfect family parcel would be this pair, epitome of old-fashioned glamour, packaged up with a couple of "cool" video Disney videos. The inventive re-fashioning of tradition makes Disney the true heir to the great 19th-century storytellers. The re-released 1980 *Cinderella* (Disney, £16.99), all shimmering stars and floating carriages, is the most wistful fairy story on celluloid; its comic little/large subplot of stepmother's cat versus Cinderella's mice have even very young children. The new prequel, *Beauty and the Beast: The Enchanted Christmas* (Disney, £15.99), zooms back to Beauty's days as a prisoner and her attempt to warm Beast's castle with the spirit of Christmas. Like all prequels it is over-literary, but it is also romantic, funny, frightening and enthralling at all levels. A toddler laughs at the waiting candles, an adult at the trick by which a Christmas gift of a fairy-tale book saves and humanises Beast.

Among modern classics, Jane Hissey's *Old Bear* stories come in a boxed set (Hutchinson, £14.99), imaginatively designed for young readers; there is a 40th anniversary edition of Dr Seuss's *The Cat in the Hat* (Collins, £12.99), and a complete *My Naughty Little Sister* (Methuen, £20) - quabot but popular - illustrated by Shirley Hughes. *The Road Dahl Treasury* (Cape, £19.99), which includes new illustrations by Quentin Blake, is a feast for all ages.

Two-to-three-year-olds like

to stroke the paint in Jane Carver's voluptuous *Cat's Colours* (Mammoth, £14.99); Deborah King's idealistic *The Flight of the Snow Goose* (Collins, £9.99) is another original picture story, in the popular 1990s genre of books, which are more than books, Lucy Cousins' magnetic *Katy Cat and Beaky Book's Playset* (Walker Books, £14.99) is exceptional; the *Secret Fairy Handbook* (Orchard Books, £9.99), with pull-out tiara, wings, doll, will overwhelm pink-frocked under-fives, while older twirlers will like the stylish modern *Nutcracker* (Cape, £19.99) illustrated by Roberto Innocenti. Also of wide appeal: Jostein Gaarder's *Enid's Anybody There?* (Orion, £10), and a set of tapes, boxed into a mini-wardrobe with a lion on the front, of *The Chronicles of Narnia* (BBC, £49.99).

In the last decade, publisher Doring Kindersley has transformed children's reference books with wit and glamour. For the 10-plus age, irreverent yet informative illustrated histories: *History - The Really Interesting Bits* (DK, £12.99), child-friendly at a mere 30 (large) pages, and *Junior Chronicle of the 20th Century* (DK, £25). *The Eerie More Amazing Science Pop-Up Book* (Franklin Watts, £15.99) is a sequel to the first pop-up science book, which sold over half a million copies.

Children will like to get their hands on the maps, photos and mementoes flapping out of *Amey's Atlas* (Collins, £9.99), while Doring Kindersley's new family *World Atlas* (DK, £40), clear, comprehensive, with photographs and computerised terrain modelling, is exhilarating.

Oasis: The Story (Bloomsbury, £5.99) is the book to convert non-reading teenagers; and Roald Dahl's *Revolving Recipes* (Red Fox, £6.99), with contributors from Willy Wonka (chocolate puddings) to the BFG (broccoli and spaghetti) is the funniest cookbook I know.



King for a day: In "Willy the Dreamer" (Walker Books, £9.99), Anthony Browne's latest children's book about a timid but imaginative chimpanzee, Willy dreams that he is a film star, a ballet dancer, a beggar and a king. Children relish the surreal humour while parents will enjoy painterly illusions and an appearance by Sigmund Freud

Rich pickings for armchair activists

Among adults, the Cook, the Wine-lover, the Gardener and the Health Freak are easy to please. Armchair gardening, a winter evening's pleasure, demands fine prose and elegant design. Graham Stuart Thomas' *Cuttings from My Garden Notebook* (John Murray, £25) is authoritative on the art and craft of any sort of gardening, and a joy to read. Monty Don's *Gardening Mad* (Bloomsbury, £16.99) is zany and dead-pan; Page Dickey's *Breaking Ground: Portraits of Ten Garden Designers* (Artisan, £45) is a big reference work on garden style.

For the intellectual cook, you can't better Claudia Roden, last of the scholar-cooks in the tradition of Elizabeth David and Jane Grigson: her books are learned, lively, delicious. *The Book of Jewish Food* (Viking, £20), "an Odyssey from Samarkand and Vilna to the Present Day" is definitive her *Invitation to Mediterranean Cooking* (Pavilion, £19.99) light and bright. The eclectic will go for Josceline Dimbleby's *Complete Cookbook* (HarperCollins, £20); for the fam-

ily snob, offer Malcolm Hillier's *Entertaining* (Dorling Kindersley, £30), tasteful guide to the fig-and-feta-salad '90s, or Georges Perrier's *Le Bec-Fin Recipes* (Routledge, £35), from the French restaurant in Philadelphia often rated the best in the US. Lifestyleists will like Michael van Straten's *Foods for Mind and Body* (HarperCollins, £19.99) and the *Encyclopedia of Complementary Medicine* (Dorling Kindersley, £29.95), realistic, not too pious. Anyone who enjoys fine

living will plunge into the assessments of wines, profiles of producers, detailed maps, in *The New Society's Wine Encyclopedia* (Dorling Kindersley, £35).

Nostalgia probably drives choices of gifts for got-everything parents and grandparents. Of aesthetic interest are Valerie Steele's *Fifty Years of Fashion: New Look to Now* (Yale, £24.95), and *Photography: An Independent Art* (V&A Publications, £30). Mark Haworth-Booth's chronicle of photographs 1839-1996. His-

tories for highbrows: *A Grand Design: The Art of the Victoria and Albert Museum* (V&A Publications, £40), published to accompany the massive exhibition of the museum's history which is touring North America and arrives in London in 1999, Robert Gottlieb's *Reading Jazz* (Bloomsbury, £20), and N.A.M. Rodger's *The Safeguard of the Sea: A Naval History of Britain 660-1649* (HarperCollins, £25). Sorry to be sexist, but grandads are likely to go for Andrew Fran-

ket's *Dream Cars* (Weidenfeld, £25), the centennial edition of Jane's *War at Sea 1897-1997* (HarperCollins, £30) and Richard Overy's *Bomber Command 1939-45* (HarperCollins, £20). And so to lovers... As an erotic invitation, I would be swept up by *Correggio* (Yale, £45). The jacket has a passionate waiting for Jupiter to descend; the book dazzles with languorous nudes and grave Madonnas; David Ekserdjian's text is art history at its best, incisive,

broad, a revelation of the mythological and sexual in the artist's work. For the idiosyncratic, the catalogue of the Washington show *Lorenzo Lotto* (Yale, £40), restless, little-known Renaissance artist, is unusual, or the pioneering *Egon Schiele* (Yale, £40); how sexy are his explicit nudes? For the homey, Carl and Karin Larsson (V&A Publications, £35) - watercolours of idyllic intimacy, interiors for country houses. And star on the tree: *Three Thousand Years of Chinese Paintings* (Yale, £50) - exotic, beautiful, beguiling, and so luxuriously fat that you need four hands to hold it.

How to come up trumps

Paul Mendelson on the pick of the year's bridge books and software

A typically forthright friend informed me that the only purpose of a bridge book is as a poor substitute for three missing players.

A couple of hours curled up in front of the fire with an engrossing volume on your favourite pastime should be an enticing prospect. Sadly, however, my friend is correct, and the reality is a poorly printed, carelessly proof-read tome, weighty, not from gravitas, but from thick blocks of self-satisfied, gently mocking prose and impenetrable diagrams.

Bridge authors, it seems, like nothing more than to wag their finger at their readers. For the buyer of gifts for the bridge player this Christmas, the potential for disaster is great. To come up trumps, I suggest the following publications. *Bridge Players Bedside Book* by Tony Forrester (Corgi Books, £12.95) is perfect for players of all standards, with its

combination of witty anecdotes, stories of famous games, and useful tips. It is ideal holiday fare. Its style imitates the addictive quality of the game - you want to see the next hand, and the next...

For the social player or improving student, slams remain a foreign territory, entered tentatively and left with emotional scars, and the acid taste of smug opponents in the back of the throat. But Alan Mould's *Step-by-Step Slam Bidding* (Batsford, £8.99) explodes many of the myths and explains, with wit, patience, and great clarity, the correct approaches.

Unlike many writers, Mould abandons a proselytising, dogmatic tone, and explains all the options, gently encouraging the reader to further research and practice. The learning process is thus a thoroughly pleasant one.

Anyone who has not yet read Larry Cohen's now classic, *To Bid or Not to Bid* (Cassell, £10.50) should buy it now, lock themselves in a well-lit room, and devour it before setting foot in their club again. Not only does it offer excellent advice for competitive auctions, low and high, it sweet-talks the mind into the true bridge

world of 52 cards, and away from the 13 or 26 with which most players are obsessed. Children of our multimedia age are doubtless frowning at these earthbound options. However, computers which attempt to play bridge have been, and remain, almost completely inept.

Even so, I strongly recommend two software titles for your PC which test your card-play, moving the outstanding cards into unfavourable positions until you find the correct line. Fortunate as that may sound, they are challenging, instructive, and highly entertaining.

Bridge Master for Windows, by the Canadian International Fred Gitelman, and *Counting at Bridge* by Mike Lawrence (£49.95 and £39.95 respectively), from specialist shops, such as Chess and Bridge Ltd: 0171-388 2404, represent genuine improvements over the printed page.

Finally, for a daily fix, the unimaginatively named *Daily Bridge Calendar 1998* (£14.99, available only from Mr Bridge, Ryden Garden, Bisleigh, GU21 2TH), provides a daily bridge problem, with the solution overlaid from one of the team of famous players. Once on your desk, you will hurry into work with renewed verve and vigour, just to reveal the new conundrum. That's the theory anyway.

In terms of sales and global impact, there was only one business book of 1997: Scott Adams' *The Dilbert Principle* (Harper Business, £9.99). The cartoon strip now comes in a variety of formats and books. It is everywhere. Some regard the success of the cartoon character as a sign of the bankruptcy of corporate life and of management literature in general. Others have a sense of humour.

At the more thoughtful end of the business book spectrum, 1997 was an excellent year. Few books can match the intellectual panache and rigour of Sumantra Ghoshal and Christopher Bartlett's *The Individualized Corporation* (Heinemann, £20). London Business School's Ghoshal has cemented a place for himself as one of the true business heavyweights. In this sequel to the influential *Managing Across Borders*, he and Harvard's Bartlett identify three key "core capabilities" to create the individualized corporation. These are the ability to inspire creativity and initiative; the ability to link pockets of expertise

and entrepreneurial activity; and the ability to constantly renew the organisation and its product even if that requires making its own products obsolete. Few meet the criteria. Indeed the only caveat with the book is that it includes many of the usual suspects such as Motorola, Intel, 3M and ABB - featured in other papers to best practice.

Also based at London Business School is Arlie de Geus, veteran of over 35 years with Royal Dutch/Shell. De Geus' *The Living Company* (Harvard Business School Press, \$24.95) exam-

Wit, wisdom and buzz words for corporate citizens

Stuart Cramer chooses the most instructive, illuminating and amusing business books

lines corporate longevity. Why is it that the average life expectancy for companies is a mere 12.5 years? How can, and do, companies survive? The survivors are labelled by de Geus as "living companies". These include the 700-year-old Store company and the youthful DuPont, a mere 200 years old.

The living companies are, says de Geus, dedicated to long-term development. Managers regard themselves as "stewards" rather than as temporary functionaries. Here, some what in Peter Sellers' (*Being There*) vein, de Geus brings in the homespun image of managers as careful gardeners, encouraging growth and renewal, but willing to scythe away when necessary. The image is bordering on cliché, but that does not mean that its message can be ignored or that it is easily achieved.

The big idea of the year has been knowledge management or intellectual capital. Indeed, such was its popularity that three books carried the title *Intellectual Capital*. The best of the three comes from Thomas A. Stewart of

Fortune magazine. His *Intellectual Capital* (Nicholas Brealey, £16.99) presents a well-written way in to a subject which is deeply bedded in jargonistic vagueness.

"Knowledge has always mattered, but two things have changed," says Stewart. "First, as a percentage of the value added to a product it has grown to be the most important thing. Costs used to be 80 per cent on material and 20 per cent on knowledge - now it is split 70-30 the other way. Second, it is increasingly possible to manage knowledge." It is this second element which forms the more innovative section of Stewart's book as he maps out the means by which knowledge can be managed. His examples are drawn chiefly from the US - General Electric, Hewlett-Packard and Merck - as well as the obligatory study of Scandinavian knowledge-masters, Skandia.

Perhaps the most important element in Stewart's book is that he puts intellectual capital in context while posing some of the big questions it throws up.

Managing intellectual capital may provide long-term answers - and, if it fails, what could take its place?

For those looking East for inspiration - or with concern - there is *Mastering the Infinite Game* by Charles Hampden-Turner and Fons Trompenaars (Capstone, £18.99). They argue that cultural differences have been vital in the massive and dramatic success of the East Asian "tiger" economies. While western managers play "finite games in which individuals win or lose by specific criteria in universal contests", East Asians play an infinite game "with rules which are adapted by the exceptions they encounter, with contests from which all players learn co-operatively".

Equally thought-provoking is the latest philosophical

instalment from Charles Handy. In *The Hungry Spirit* (Hutchinson, £14.99) the formula is much the same as in Handy's previous bestsellers. His voice is quietly insistent, his arguments lucid rather than dense. Companies must acknowledge their wider social responsibilities if they are to continue to be the major institutions of our society. Corporate citizenship must become reality rather than a phrase in annual reports. The overall effect is as if the facts of life had just been explained to you again - it is all so painfully obvious, why don't companies behave like that?

If be ever wanted to become a full-time barnstorming guru, Charles Handy could take a few lessons from Stephen Michael Peter Thomas, "the most talked about and influential business consultant the world has ever seen". Thomas is the author of *The Book That's Sweeping America* (John Wiley, £14.99) and has launched a thousand buzz words including "Layered Niche Re-engineering (LNR)", "Shaker Benchmarking" and, perhaps most profoundly of all, "Open Book Reading". Cynical, but it is a splendid debunking of the world of management gurus.

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BOOKS

A celebration of celluloid superstars

For film buffs, Nigel Andrews sifts through biographies of Hollywood dream-makers and icons and seriously absorbing studies of cinema history

It was a strong year for biographies, especially ones about monomaniacs. Directing films is not a job for shy souls, as Patrick McGilligan's *Fritz Lang: The Nature of the Beast* (Faber, £20) and John Baxter's *Stanley Kubrick* (HarperCollins, £20) proved, along with three books about that iron will in a boyish frame, Steven Spielberg.

It is an advantage to be tyrannical, tunnel-visioned and careless of a bad press. McGilligan's portrait of the gifted Teuton who fled Hitler's Germany (rather more hesitantly than he later claimed) is absorbing. He presents Lang the liar and opportunist alongside Lang the sculptor of our dreams: the man who made *Metropolis*, *M* and *Fury*.

Stanley Kubrick, too, is a love-hate movie figure as seen by John Baxter. Whether he was marching cripples into his extras' army in *Spartacus*, or steering stars towards nervous breakdowns, or planning a change of image for Julie Andrews with mainstream cinema's first hard-porn feature (scripted but never made), here is proof that one man's self-fulfilling vision can drive everyone else close to distraction or destruction.

Then, most curiously of all, there is Master Spielberg: for some the boy who never grew up, for others, notably John Baxter again (HarperCollins, £18), a sharp wheeler-dealer carefully designing his image and output. Even *Schindler's List* does not escape the questioning prose. Baxter asks: Was the film a truthful, tragic fresco of the Holocaust or a Jewish director's

shrewdly pious calling card for the Oscar voters?

Spielberg's two other biographies, Andrew Yule (Little Brown, £19.99) and Joseph McBride (Faber, £17.99) are more evangelical about his artistry and imagination. But there is a nagging feeling, even after reading these, that the man who made *Jaws*, that wondrous blend of popcorn action cinema with mythopoetic human drama, never quite reached the same heights again.

It is the mark of a movie superstar to be recycled by the biography industry every year. Or it seems that often with men like Wayne, Bogart and Eastwood. The last is lucky: he is still alive, so the iconoclasm industry is only limbering up. And culling words from Eastwood himself, author Richard Schickel (Jonathan Cape, £17.99) is not about to bite the man who feeds him the quotes.

By contrast, A.M. Sperber and Eric Lax freely tear the coverlets off their hero's troubled married life in *Bogart* (Weidenfeld & Nicolson, £20) while Gary Willis's *John Wayne: The Politics of Celebrity* (Faber, £20) combines an impressively minute exegesis of the Duke's screen persona – the walk, the voice, the loose-lipped stance (reminiscent, says Willis, of Michelangelo's David) – with a robust exposure of Wayne's off-camera shortcomings, including his second world war conscription-dodging.

The film book industry can seem over-dominated by the celebrity biography – but what

can you do? Those who do not want to read them seem to want to write them. There is an eternal, mesmerizing fascination in the match/mismatch between the fallible mortal off screen and the icon on it. Perhaps the faultlines in the first even become, by art's metamorphic surgery, the veins and arteries of life in the second.

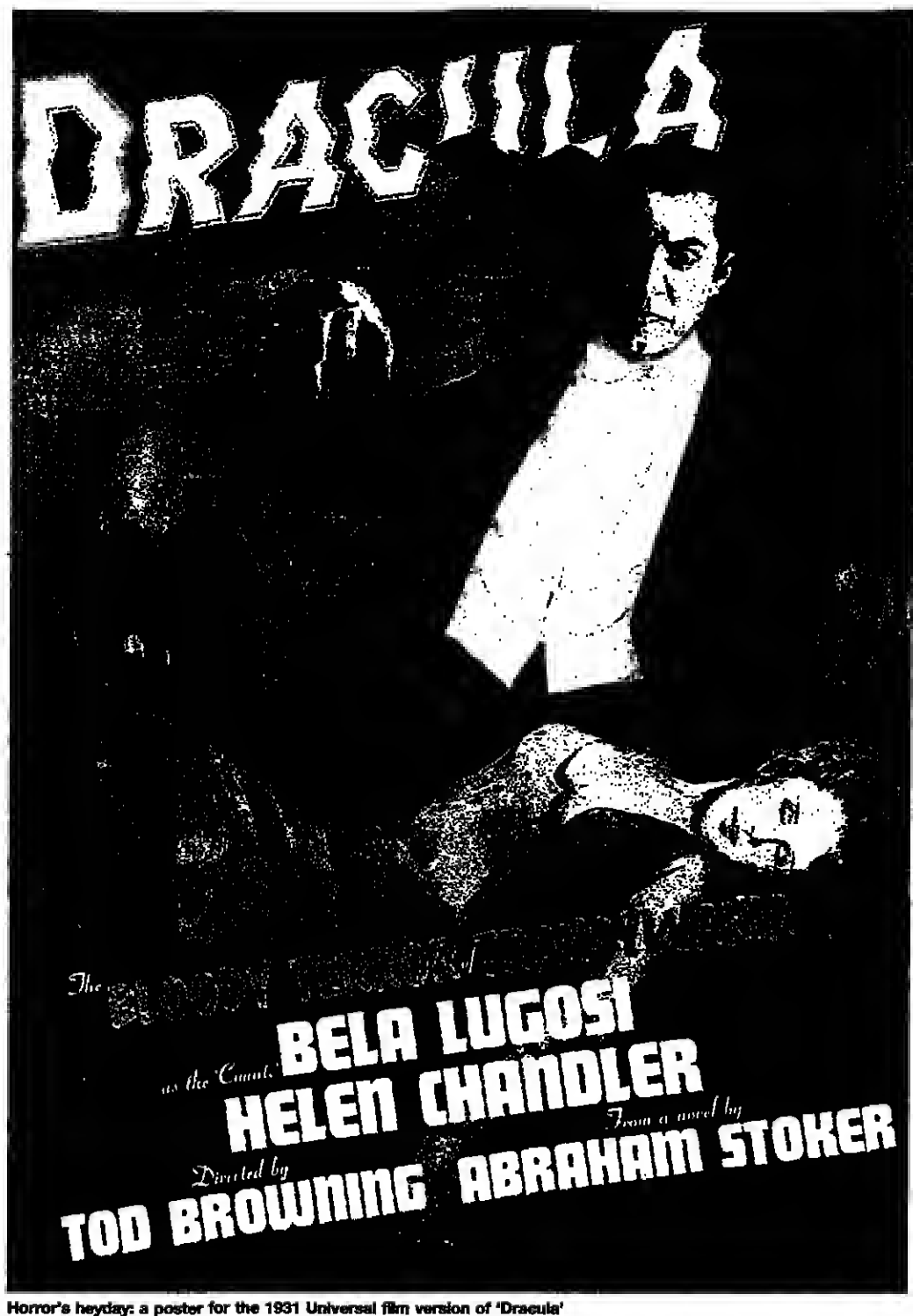
Some authors, though, bravely toll in the sweatshops of non-starry film study. I have never been a frontline admirer of producer David Puttnam's brand of morally uplifting populism (*Chariots of Fire*, *The Mission* and company), though I half-respected his Quixotic year spent tilting at the Hollywood windmills as Columbia president. But *The Undiscovered War* (HarperCollins, £18) is a serious, cogent study of film finance and power play in the age of GATT and Europe/American stand-off. It should be read as a good diagnosis, even if you disagree with some of the remedies.

Three other historically inclined books are worth a browse. *Backstory 3: Interviews with Screenwriters of the 60s* (University of California Press), edited by Patrick McGilligan, is an interview-led journey through cinema's most sombre decade, when the screen throbbed with post-Dallas issue movies and problem dramas. Contributors like Strling Silliphant (*In the Heat of the Night*), George Axelrod (*The Manchurian Candidate*) and Irving Ravetch and Harriet Frank (*Hud*) conjoin to define a decade. Linda Schulte-Sasse's *Enter-*

ing *The Third Reich* (Duke University Press, £17.95) is subtitled "Illusions of Wholeness in Nazi Cinema." Schulte-Sasse argues a powerful case for the quality of popular German movies under Hitler, even some of its propagandist ones, forcing us to swallow our preconceptions or at least chew questioning on them.

Best of all is *The BFI Companion to Horror* (Cassell, £19.99), edited by horror buff and author Kim Newman. An encyclopedia of the ghoulies, its unerring accuracy is matched by dashing, insightful writing from the likes of Christopher Frayling and Philip Strick. Graphic pictures, and plenty of them.

If your quest for Christmas gifts is still unfulfilled, you can always ransack Curio Corner. Here we find Mia Farrow's memoir *What Falls Away* (Doubleday, £16.99), in which the actress reminisces on life, love and (take cover) Woody Allen; Chris Rodley's *Lynch On Lynch* (Faber, £15.99), a piquant platonic dialogue with the maker of *Blue Velvet*; *The Act of Seeing* (Faber, £14.99), more philosophical doodlings from Germany's Wim Wenders; *Conversations with Pauline Kael* (University Press of Mississippi, £42), lively *ide-a-ides* with the doyenne of American criticism; *Who Is Andy Warhol?* (BFI, £13.99), an anthology of essays about the genius with the rictus smirk and raffia hair; and the train-spotter's true delight, *Parallel Tracks: The Railroad and Silent Cinema* by from Lynne Kirby (University of Exeter Press, £12.95). Anoraks at the ready.



Horror's heyday: a poster for the 1931 Universal film version of 'Dracula'

A walk through the trenches

After a certain time the past slips off the edge of memory and into history; there are surely no soldiers alive who remember the Boer War. But as Stephen O'Shea relates in *Back to the Front*, his account of walking the length of the Western Front, there are still more than 1,500 surviving French veterans of the first world war. Unfortunately, O'Shea did not seek out any of them on his travels.

The idea for this book is a good one. The scars of the Western Front, which stretched for 460 miles from the North Sea to the Swiss border (from 1914-18 one could have walked the entire route without sticking your head above the ground) are an invitation to a journey back into the past. And O'Shea, Canadian grandson of an Irishman who was wounded at the Somme, is a personable travelling companion, picking his way past unexploded shells, scrambling into overgrown and forgotten stretches of trench.

He knows his war, too. At every battlefield he has another tale of appalling stupidity and waste: 60,000 dead or wounded in a morning at the Somme; 90,000 sucked so deep into the Flanders mud that their bodies were never found. Other, lighter, stories are also revealing, such as the British sergeant at Mons who decided not to post a look-out on one side of an encampment because, "The enemy would hardly come from that direction. It's private property," or the real Alvin York, later played by Gary Cooper in the film *Sergeant York*, whose comment after picking off 28 German soldiers was, "It weren't no trouble now for me to hit them big army targets. They were so much bigger than turkeys' heads."

But these are third or fourth hand accounts, taken from other books. As well as the French veterans, O'Shea fails to speak to any local people about family memories of the war, or their own experience of living in the shadow of this landmark of horror. (For example, farmers have steel shields on their ploughs to

protect them from the "iron harvest".) The one time he does recount a meaningful conversation with a Frenchman, who talks of his village a valley away as being another country, the words echo back, making you think how strange it must have been for these unworldly peasants to find great armies digging in at the bottom of their fields. What makes the past

BACK TO THE FRONT
by Stephen O'Shea
Robson Books £16.95, 205 pages

WAR WALKS 2: FROM THE BATTLE OF HASTINGS TO THE BLITZ
by Richard Holmes
BBC Books £16.99, 224 pages

flicker into life is not slowly softening indentations in the land but people's stories: witness the greater power of the recent fictions of the first world war, Pat Barker's *Regeneration* trilogy and Sebastian Faulks' *Birdsong*. *Back to the Front* is a lively introduction to the history of the Western Front, but if O'Shea had spoken to the people who live along this human fault-line he might have dug up a lot more than barbed wire and rusted bullets.

One rather older battlefield than the Western Front could do with the odd rusted weapon popping up out of the ground. The battle of Bosworth, where Richard III was killed, is located in one place by the local council, half a mile away by English Heritage.

To a war buff like Richard Holmes this is merely a mystery to quicken the pulse. *War Walks 2* is the book accompanying his current BBC2 series, which he presents, at times, in armour, from the saddle of a horse. On the page his material is rather dryer, a bit like a school project. His other battlefields are Hastings, Naseby, the Boyns, Dunkirk and the Blitz. For each he gives a potted history, a description of the battle and a guide to the site.

Jeremy Gavron

In a year overshadowed by widespread distaste for the paparazzi's actions surrounding the death of Diana, Princess of Wales, the past 12 months have also yielded strong evidence that not all photographers operate in a moral vacuum. Indeed, two of 1997's essential photographic books show a compassionate response to suffering that exceeds expectation.

Swiss photojournalist Daniel Schwartz and Czech-born Antonin Kratochvil both invest rare levels of personal involvement in their reportage. *Delta* (Thames and Hudson, £26), Schwartz's investigation into the "perils, profits and politics of water" in South and South East Asia, may not seem a subject to set the pulse racing, but his stark images of flood victims and child labourers gradually build into an exceptional critique of misrule and exploitation. Backed up by scrupulous economic research, this is a visual *J'accuse* that never lapses into strident breast-beating.

There is similarly controlled anger in Kratochvil's *Broken Dream* (Monacelli Press, £35), the bitter fruit borne of his journeys among eastern Europe's dispossessed. His wretched pictures of impoverished Czech gypsies and Romanian beggars are soaked in the smog and filth of their scabrous landscapes and display a repulsion for the "shameless politicians, corruption and pollution" which Kratochvil blames for their plight.

If both books share a keen sense of ethical concern, the issue of moral conscience is rather more clouded in *Requiem* (Jonathan Cape, £40). Edited by Tim Page and Horst Faas, who worked and were wounded in Vietnam, this sombre memorial to the 135 war photographers who died covering conflicts in Southeast Asia pays tribute not only to principled participants such as Larry Surrows (shot down in a helicopter) and Robert Capa (disembowered by a landmine), but also the ragbag of war junkie photographers who flocked to Vietnam for "the glory, the money and the thrill".

Admirably, *Requiem* gives them equal recognition (together with their opposite numbers in the Viet Cong) as it traces the region's descent from rural serenity to unspeakable scenes of torture and execution. Accompanied by a punchy account of the politics of the times and absorbing personal histories of each photographer's motive and demise, this moving eulogy is the year's most required purchase.

Elements of reportage also crop up in the grainy monochromes of German fashion photographer Peter Lindbergh – but then so do most things. A veritable magpie, Lindbergh pilfers images

Images which speak louder than words

Reportage, compassion, beauty and wit – Richard McClure leafs through the finest photography books of 1997



This image of three little fairground pigs being managed by three sharply differentiated little girls in 'Fairground, Paris' by Jules Seeberger, 1900, was well ahead of its time. Taken from 'The Photography Book' (Phaidon, £25)

from film, dance and 1960s photography, weaving them with aliens and angels from his own fertile imagination to create works of warmth and elegance.

It is the nimbleness and range that impresses most in his first retrospective book, *Images of Women* (Art Data, £70). Although Lindbergh never strays far from the usual cast of supermodels, he always makes us view them afresh. Whether in closely cropped headshots of Linda Evangelista or Milla Jovovitch seen only as a

shadow on the sand, he brings a gleeful panache and affectionate humanity to the medium that even photographs of Pamela Anderson cannot spoil.

Lindbergh may be known in the fashion industry as "the man who adores women" but he falls some way short of matching Alfred Stieglitz's ravishing portraits of Georgia O'Keeffe. Mostly taken during the 1930s at the height of the photographer's devotion to his muse's unusual beauty, *Georgia O'Keeffe*

Portraits by Alfred Stieglitz (Abrams, £90) was first published in 1978 to mark the artist's 90th birthday. Now reassured to include recent donations to the permanent collection at New York's Metropolitan Museum of Art, it remains an unparalleled achievement. Exquisitely reproduced, O'Keeffe's charismatic, knowing face and voluptuous body continue to captivate and the 80 brooding images form a portfolio of passionate veneration, amply supporting Stieglitz's

claim that "When I photograph, I make love."

In contrast to Stieglitz's belief in photography as a means of artistic expression, *Beauty of Another Order* (Yale University Press, £45) relates the camera's alternative history as an agent of science – from its early use in Victorian studies of anatomy and motion to Harold Edgerton's stop-action shots of bullets in flight and the Hubblis space telescope's mosaic-like images from the edge of the cosmos. A handsome, coherent book, its col-

lection of perfectly pitched academic essays and glorious array of Heath Robinson inventions is guaranteed to engage even the most dedicated technophobe. Zoopraxiscopes and chronophotographic synthesizers have never been so riveting.

The book includes one of photography's earliest images – Fox Talbot's 1839 shadowgram of a leaf – a subject which is revisited by fashion photographer Nick Knight in *Flora* (Art Data, £40), a striking collection of dried plant specimens from the herbarium at the Natural History Museum. Many photographers have been drawn to botanical studies before, but Knight's acute observation of contour and colour gives his Napoleonic herbs, African waterlilies and 19th-century orchids a fragile and wholly original effluence. In Knight's hands, this library of pressed flowers become fragments of wonder, with more than a nod to haute couture: a tropical bloom, a kaleidoscope as a Todd Oldham dress; algae as brittle and gilded as Philip Treacy hats.

Knight is just one of the entries in *The Photography Book* (Phaidon, £25), a useful and unpretentious taster anthology of the 500 snappers judged most worthy of our attention. Like its predecessor, *The Art Book*, the meagre 200 word texts are redeemed by a deft selection of images and a comprehensive choice of historic and contemporary figures. A pity, though, that its editors lacked sufficient prescience to include Lauren Greenfield, a 31-year-old Californian whose first book, *Fast Forward: Growing up in the Shadow of Hollywood* (Booth-Clibborn Editions, £24.99), has swiftly promoted her to photography's prismatic league.

Originally turned down by 30 publishers, Greenfield's four-year survey of the pampered lifestyles of ultra-rich teenagers in her native Los Angeles has become hot property in Hollywood where the film rights have been optioned by Tri-Star Pictures. One wonders whether the studio executives truly appreciate Greenfield's implicit eye. Laying bare a world of indulgent parents whose precocious offspring sport all the trappings of privileged adolescence (nose jobs, sports cars and personal trainers), Greenfield's pictures are saturated in the cartoon colours of the entertainment industry, she holds responsible for this hurrying of childhood and adulthood.

At once cautionary and comic, Greenfield expresses unease at the consequences of innocence lost, while simultaneously reveling in the absurdities of a tasteless excess which makes Macaulay Culkin look positively underprivileged.

ARTS

Slavery on the high seas

Great subject, shame about the treatment writes Andrew Clark about 'Amistad' the opera

New American opera is a problematic species. Too generic to be original, too expensive to be daring, it nevertheless keeps on trying to convince us that the art form is alive and kicking. Its latest manifestation is Anthony Davis's *Amistad*, which has just received the full treatment at Chicago's Lyric Opera.

Amistad recounts an incident in the anti-slavery campaign from which everybody — blacks and whites — emerges with a clean record. This is an opera with an agenda. Blacks get to tell their story in a temple of white culture; whites can satisfy themselves that opera is not, after all, a racist art form. The only problem is the material: *Amistad* is politically correct, musically wooden and dramatically stillborn.

More's the pity, because the story is a good one, involving drama on the high seas, skulduggery, voodoo and idealism. Soon it will be showing at your neighbourhood cinema, thanks to Steven Spielberg's new film. It is pure coincidence that

Davis's opera has come to fruition at the same time. Wherever you catch up with it, *Amistad* is now guaranteed a place in American folk legend.

La *Amistad* — the word means friendship in Spanish — was a slave ship commandeered by captive Africans off the Cuban coast in 1839. Having slaughtered most of the white crew, they tried to sail back to Sierra Leone but were thwarted by their Spanish navigator, who had the schooner run aground off New York. Captured and jailed, they were championed by former US president John Quincy Adams and other abolitionists, and eventually won their freedom — in what is now being touted as the most significant anti-slavery victory before the Civil War.

Here is a tale of vivid contrasts, climaxes and characters, all of which Davis proceeds to flatten out. Despite a colourfully worded libretto by his cousin Thulani, full of lines like "Gods are greater than men, not nicer", the narrative is shapeless, with little sense of conflict or dramatic development. There are too many distended solos

addressed to the audience, and much of Act 2 is a repeat of Act 1, told in a series of flashbacks in court.

The most promising roles are two African deities, the boastful Trickster God and an Earth-like Goddess of the Waters. But after a portentous opening soliloquy, the Trickster melts into the background, while the Goddess makes a single, superfluous appearance on her own. With his big set-piece speeches in court, Adams is cut out for heroic treatment; Davis makes him sound boring and ponderous. Davis and his cousin, whose previous operas include *Malcolm X*, need some basic lessons in shaping a drama.

Ironically, the racists get the best music, thanks to Davis's paunchy caricatures of navigator and anti-abolitionists. Other cases of inspiration include a reflective soprano lament for Margu, the slave-girl and a smoky prisoners' chorus, cast in the vein of a negro spiritual. There is a lot of symphonic jazz, not all of it dramatically apposite, and the finale is an upbeat chorus which would be more at home in a musical.



Politically correct, musically wooden and dramatically stillborn: scene from 'Amistad' at the Lyric Opera of Chicago

George Wolfe's staging, on a simple, evocative set by Ricardo Hernandez, mirrored these strengths and weaknesses. Everything conformed to racial stereotype — noble savages versus hypocritical whites — but at least the whites came

across as credibly human, warts and all. Wolfe's choreography of New England society, gawping at the captured slaves like animals in a zoo, was splendidly graphic. For the rest, it is hard to see how any producer could make a differ-

ence to Davis's plodding dramaturgy, short of a complete re-write.

Davis stipulates that more than half the parts should be sung by black singers. Thomas Young's Trickster God, Kimberley Jones's Margu and Mark Doss's slave-

leader distinguished themselves. Mark Baker captured the moral spinelessness of the Navigator, and the overall musical standard under Dennis Russell Davies was beyond reproach. The production was linked to an education programme tar-

geted of Chicago's black community. Lyric Opera can be satisfied it has done its bit, but new American opera remains as problematic as ever.

Further performances till January 15 (312-332 2244).

Maestros at work

Wednesday's London Philharmonic programme in the Festival Hall looked fairly standard: a Mozart piano concerto as hors d'oeuvre, and Ravel's complete *Daphnis and Chloé* ballet as the main work. But Bernard Haitink was conducting, and his soloist in Mozart's K.466, the great D minor, was Maria João Pires, that put a different face on things.

Nobody would expect Pires to go at K.466 with *Sturm und Drang* tones. I fancied that Haitink's initial exposition — bushy and threatening, but not sternly declamatory — was designed to accommodate her gentler style. Sure enough, when her piano entered it seemed all sweetness and light, though intensely communicative and direct.

As the music went on, her deceptive intensity focused our attention more and more: not on Pires herself, but on the Mozart that she was transmitting. As always with Pires at her best, the sense of continuous, unbroken melody was almost eerie. Given that commitment to pure lyricism, she

still managed to invest the music with developing purpose — all through continually new, subtle inflections. Evidently a big dramatic manner is not, after all, essential for the D minor concerto. Haitink was a faultlessly attentive partner.

After the interval, his terrific account of Ravel's *Daphnis* was distinguished not only by the orchestral playing, the superb contribution by the BBC Singers (powerful beyond their modest numbers) and his own astute care for Ravel's long paragraphs, but by his delight in characterising the music. It was composed as a ballet for precisely conceived characters; indeed, the few passages in the score that seem only to mark time are music-to-accompany-gestures, the dancers' occasional "pantomime" narratives.

Like recitatives in opera, they were meant to advance the action while the music supplied little more than a static base. Perhaps Haitink lingered longer over them here than was prudent; but that was of a piece with his whole-heartedly balletic approach to the score. I don't

remember bearing Dorcon's comically heavy, clumsy dance so wittily sprung, nor Lyeon's attempt to seduce Daphnis made so vampish and sly.

The beginning was magical, just as one likes to imagine it but seldom bears. Later the air of magic cracked a bit: there were a few small but embarrassing fluffs from every section of the brass, in exposed places. They amounted to no more than tiny flecks on Haitink's splendid reading, vital and exact as it was.

It did strike me, though, that the LPO's first-desk winds are not what we used to love and admire. Fluffs aside, the woodwind solos in particular — of which *Daphnis* offers some of the richest in the orchestral repertoire — were correctly delivered, nicely in place, rather impersonal. The LPO's erstwhile individualists were spikier, more wilful, as against their sharpshotted, too often faceless American counterparts. Creeping homogenisation is the last thing we need, or should want.

David Murray



Serving art, and not the other way round: the new Fondation Beyeler outside Basel

Fine home for a rich hoard

Susan Moore admires Renzo Piano's museum to house the Beyeler collection

According to Picasso, "The purpose of art is washing the dust of daily life off our souls." There are, however, a remarkable number of art galleries around the world that do not make the viewing very easy. They range from architectural tours-de-force such as Frank Lloyd Wright's Guggenheim in New York which obliges the visitor to pause on vertiginous helter-skelter slopes, to drab Neo-Brutalist concrete bunkers like London's Hayward Gallery which offers a windowless, aesthetically assault course for an exhibition space. In Italy, there are any number of museums which fail to provide even a bench from one end to the other.

The most striking aspect

of Genoese architect Renzo Piano's new Fondation Beyeler at Riehen, just outside Basel in Switzerland, is just how good one feels just to be inside it. There is an abundance of natural and filtered light. Here, a glass roof is suspended over the museum's four monumental, 120m-long parallel walls; the end walls are glazed, as is one whole side of the building, designed as a winter garden and offering a panorama over the fields beyond — and a place to relax on comfortable sofas with books, catalogues and art magazines to read.

From the glazed garden side to the west, three flat sheets of lily-pond water seem to extend the gallery floors out of doors. Inside, the effects of light on water

play across the gallery walls (though lily ponds beside one of Monet's massive "Nymphéas" triptychs verges on the kitsch).

There is also an uncluttered calm about the place. There are no superfluous decorative details, but beautiful materials are used — the outside walls are clad in dark red Patagonian porphyry, the floors are of pale French oak. There are no museum services to distract the eye.

Piano's stated intention was "to serve art, and not the other way round". In this project he is also serving a specific art collection, and its creator Ernst Beyeler. It is a measure of Piano's success that his building fits as well as any bespoke suit. The collection itself is, to some extent, also tailor-made.

What we see here is not a museum collection, which is obliged to be comprehensive, or a rich private collector's board. This collection was put together by one of the most remarkable modern art dealers of the century, and its roots lay in the works of

art that he took home to hang on his own walls. As an influential dealer, he was in the privileged position of seeing and buying the best work available. As a businessman, however, he could not always afford to keep it.

The Ernst and Hildy Beyeler collection is thus comprised of works of art he could not bear to sell. When in 1982 the Beyelers determined to form a foundation, and to build their own museum (which has cost them SFR55m) rather than give their collection to the Basel Museum, they set about supplementing the collection to create a well-rounded but still markedly personal over-view of "classical" modern art.

The foundation presents some 160 works by 33 artists, which begin with Impressionism, Cézanne and Van Gogh and conclude with Georg Baselitz and Anselm Kiefer via the American Abstract Expressionists. A number of artists are represented in some depth — Cubist Picasso and late Matisse cut-outs, for

instance, Léger, Mondrian, Giacometti, Klee, Kandinsky, Miró, Dubuffet... Conceptual art is conspicuous by its absence.

The concise, focused Beyeler approach allows for a number of telling juxtapositions. Nowhere are those confrontations more arresting than where their outstanding "Cubist" African art or "Surrealist" Oceanic art is set beside the work of the western masters who drew inspiration from the tribal tradition. This alone makes for a rare treat.

There is no contemporary art here either, besides Luciano Fabro's monumental marble "Crono" placed outside the museum. Instead, three galleries are given over to two or three complementary contemporary shows a year. There is still time to catch the impressive inaugural show of 50 Jasper Johns paintings from the artist's studio, and a display of design material from the Renzo Piano Building Workshop (until mid February).

The Fondation Beyeler at Riehen, Basel, is open daily.

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ARTS

Bohemian artist comes in from the cold

The aura of a decadent life has overshadowed the reputation of Jules Pascin's work for far too long, writes William Packer

Small though they may be, exhibitions of museum quality are not uncommon in London's commercial galleries. Indeed we sometimes wonder where else we could find such treats, for these galleries are blessed with a freedom, flexibility and an eye to the main chance quite foreign to our public institutions; they are reader by far to look beyond fashion or current interest to the forgotten or neglected reputation.

The small, choice show, almost a mini-retrospective, of the paintings and drawings of Jules Pascin, is just such a case, a rare opportunity to come to terms with this artist's work. I cannot remember ever seeing a proper Pascin show in London before, or anywhere else for that matter, but only particular, delectable examples in mixed shows here and there. The Tate seems to have nothing of his whatsoever, which is surprising, for while one would hardly set him up as having been the definitive genius of his age, he was certainly special, as this show at Theo Waddington in Cork Street, where it remains for just one more week, clearly demonstrates.

The problem, perhaps, is that he is one of those artists whose biography gets in the way of any sober consideration of the work. He was a Bulgarian, born Julius Pincas, who came to Paris in 1906 and, almost more than any of his contemporaries, is identified in his reputation with the almost mythical bohemian Paris of the 1910s and '20s, habitu  of the studios, *boites* and boulevard caf s of Montmartre and Montparnasse. There he is in the party or picnic snapshot, surrounded by that ever-changing, yet ever the same old cast of friends, models, lovers, hangers-on - Foulta,

Andr  Salmon, Hermine, Lucy, Kiki.

The sense is of wild, decadent, indulgent pleasure, of drink, drugs and sex, of course. And superficially, the work hardly helps to dispel the myth, with the Woman his insistent, central preoccupation, the nude or half-clothed model in particular. Always it is drawn or painted with a languid, erotic delicacy, the eroticism as often unspoken as explicit, hanging in the air like a kind of smoke, implicit in the very working of the surface. His principal models seem to have been Hermine David, whom he married in 1920; and Lucy Krogh, wife of the Swedish painter, Per Krogh, who became his mistress at more or less the same time.

Then, in the summer of 1930, at the age of 45, a day or two after the opening of a show of his latest work at the Galerie Georges Petit, where he had last been seen, came the suicide - a horribly messy and squalid suicide in his studio on the boulevard Clichy. Unable adequately to open his wrists, he hanged himself from the door and remained so, undiscovered, for three days. All the galleries of Paris closed for his funeral, which was overrun with mourners.

His complicated and sometimes stormy three-way relationship with Hermine and Lucy had continued right up until his death, but the evidence of his work suggests they shared an altogether more intimate and gentle domesticity than might have been expected.

This show begins with work from Pascin's early years in Paris, evidently under the influence of C zanne, Matisse and emergent Cubism; but it is only



Close to early Matisse: Jules Pascin's unfinished portrait of the wife of his friend, Andr  Salmon

after his return from the New World in 1920, where he had spent the war years, that his work resolves itself into the mature and truly personal manner by which we know him. A small group of paintings of Hermine and Lucy, one indeed of them sitting close and quietly together, all from the early 1920s, forms the nub and substance of this show.

The one notable exception among the paintings of this period is an unfinished portrait of the wife of his friend, Andr  Salmon, which,

though painted with Pascin's characteristic lightness of touch and transparent delicacy in the paint, is markedly tougher and more physical in its presence as an image, close to early Matisse.

The others, by contrast, are tenderness itself, those of Hermine most especially, so the light subdued, the tonality close, the pose relaxed, the whole wistfully romantic in mood and feeling. All are of the model fully clothed, and the eroticism, if such it is, is one

born of deep feeling and affection.

The drawings, and in particular one of the model lying full-length on her stomach, are miracles of description, not by close delineation but by the merest inference and intonation, just the lightest of marks here and but a hint there, and yet all conspiring to the most exact effect.

Other artists have killed themselves, or died to tragic and romantic circumstances, and suffered for it - the

event having overshadowed their reputations. But in the end, if they are good enough, they are rescued by the work, seen for what it is. It happened to Van Gogh pretty quickly. For Modigliani, it took rather longer. For Pascin, it is by now long overdue.

Jules Pascin: Theo Waddington Fine Art, 5a Cork Street, London W1 until December 20, then to Galerie Fanny Guillon-Laffaille, 4 Avenue de Messine, Paris 8me, in the New Year.

Opera/David Murray Piety to perfection

At the Muziektheater in Amsterdam, the Netherlands Opera has mounted Poulenc's *Dialogues des Carm lites*, his only full-length opera. A Canadian team is chiefly responsible - the producer Robert Carsen, the designer Michael Levine and the conductor Yves Abel; the principal singers are British, American, French and Belgian. It all looks austere and beautiful, the better to set off Poulenc's infinitely tender music.

The opera was old-fashioned even when it was composed, some 40 years ago. Poulenc said, "It seems that my Carm lites can only sing tonal music. You must forgive them..." It must stand high on the list of Operas that Pierre Boulez will Never, Ever Conduct. There is much recitative in the manner of Debussy's *Pell s*; the shamelessly affecting harmonies have their roots in Mussorgsky.

The story, about nuns martyred in the last days of the revolutionary Terror, came from the Christian existentialist Georges Bernanos. It tapped old Poulenc's vein of intense Roman Catholic piety to perfection. It could have been wholly unpalatable; but instead of turning the stomach it seizes the heart - rather gently, in Carsen's carefully understated production.

The large stage is mostly bare, with minimal props. Much like G nter Kr mer's Berlin production three years ago, in fact, down to the painlessly symbolical martyrdom at the end: no scaffold to be seen, though the sound of the guillotine keeps slicing through the nuns' heartbreakingly lovely *Salve Regina*.

But Carsen has chosen not to highlight Poulenc's reluctant heroine, poor, fearful Sister Blanche (Joan Rodgers) - except, all too literally, at the last moment: he leaves her standing alone in a radiant glow, as if miraculously saved by her faith. Not a good idea, and not what Poulenc intended: Blanche has chosen to die with her sisters, and to "spare" her is just sentimental.

That, however, is the only arguable blot on a fine, sober staging that sets the whole story in stark relief. Besides

Rodgers, nervy and delicate, the rest of the cast is first-rate. The old Prioress, who dies a "bad death" in Act I (mortally terrified and in doubt), is sung to the life by Rita Gorr, who is going on 72 in the first Paris production, in 1937. She was the feisty Mother Marie.

Here, Mother Marie is Jane Henschel, stately, kindly and humane. Isabelle Vernet lends her rich tones to the new Prioress, and Claron McFadden flutes sweetly as Fey Sister Constance. Laurence Dale makes the role of Blanche's worried brother unusually effective: Ryland Davies is outstandingly sympathetic as the Father-Confessor. Abel draws out the score reverently.

At The Hague, I heard Daniel Harding - an up-and-coming young conductor, and Simon Rattle's favourite protég  - give the Dutch premiere of Wolfgang Rihm's *In-Schrift* with the Residentie Orkest. *In-Schrift*, which made a great impression at the 1995 Venice Biennale, was written for the echoing spaces of St. Mark's, with just 14 low strings against a battalion of wind and percussion.

Probably it sounded tamer in the Dr Anton Philipszaal. Rihm's characteristic soundscapes and sudden, shocked silences needed more air; this is again a kind of "music about the impossibility of writing music", Adorno-style, composed with a broad brush. Just for that reason, it needs knife-edge timing and attack beyond what we heard.

Nor was Berg's *Lulu* suite very sharply attuned, although the Canadian soprano Rebecca Caine sang Lulu's taxing *Lied* so fluently and sweetly that one longed to hear her at full stretch in the opera. In Stravinsky's *S  re du Printemps*, however, Harding showed his real mettle at last: tingling detail, often fresh and surprising, and a vital command of the overall shape and trajectory of the score. The performance got a deserved ovation.

Carm lites performances at the Muziektheater (0031 20-6255455) on December 13, 16, 19, 22, 25, 28, 30.

Music criticism must be a dodgy because, music being the most abstract of art forms, it is difficult to say anything about it which is not entirely subjective. If I assert that Johann Sebastian Bach was the greatest composer the world has ever heard; that he stands head and shoulders above the rest; that his genius lay in composing music that is both profoundly moving and constructed as logically as classical architecture; that he is by turns the most human and the most godlike of artists; that Shakespeare alone matched his astonishing ability to encompass the heights and

depths of human emotion, and consequently his universal appeal across national boundaries and through the centuries; and that, of all Bach's works, the Goldberg Variations is probably the greatest, people may disagree, but nobody can say I am wrong. Since I believe all that to be true, it was gratifying yet slightly ominous to find the first episode in BBC's seven-part series, *Great Composers* - which began last weekend and continues

Television/Christopher Dunkley

Compromising on the great composers

tomorrow at 7.45 - being devoted to Bach, and which opened with the Goldberg Variations. Ominous because, if you begin with the greatest piece of music ever written, you can only go downhill for the rest of the seven hours. Yet if, in addition to the three obvious choices of "great" composers - Bach, Mozart and Beethoven - you choose Wagner, Tchaikovsky, Mahler and Puccini (leaving fans of Haydn, Brahms, Sibelius and others to squabble among themselves) the running order is pretty well inescapable. It is hard to avoid the feeling that they have been selected

because their careers form a chronological continuum from the late-17th century to the early-20th, carrying us neatly through the development of classical western European orchestral music in that period.

This is the sort of series that almost everybody seems to agree the BBC ought to do: serious, informative, and mostly well made. In time the series will probably come to be seen as a prime example of the very kind of programming which currently seems to be in danger of reduction. It should certainly sell well in

other countries.

It is so important at present to encourage anything of this sort from the BBC that you feel a bit guilty registering even small reservations, but of course going easy on the BBC is the last thing that will help. The fact is that *Great Composers* is notable more for workmanship and thoroughness than flair or enlightenment, and it does tend to fall between two stools, sometimes appearing to be aimed at moderately knowledgeable music lovers and sometimes at soccer fans who rather liked the "Nelson drama" bit of the World Cup.

Each 60-minute programme incorporates a biography of the composer which, in some instances, is a more impressive achievement than it sounds. In late-20th century biography, radical revisionism has been the fashion with composers as much as anyone, so that we have tended to acquire bizarre ideas about the life of Mozart, say, and Wagner. Clearly they were sometimes odd, occasionally very odd indeed, but the accounts given in *Great Composers* tend to be more balanced and credible than those offered by Peter Shaffer or Tony Palmer.

Once in a while one of the many contributors makes you sit up. In this week's programme Jonathan Miller declares gnomically that our profession here on earth is to die, and in the Wagner programme George Steiner, a Jew and one of the most powerful intellectuals of our age, claims that his poor little brain cannot come to terms with the co-existence in one mind of the creative genius of the *Ring* cycle and such hideous anti-Semitism. Many of the other contributions, however, tend to make you wonder whether the programmes might have been improved by having either a single

presenter throughout, or a separate presenter for each subject.

The toughest problem faced by producer Kris Rusmanis must have been how much time to devote to biography and how much to musical performance. It could be argued that you learn most about Bach in 60 minutes simply by listening carefully to a big chunk of the *St Matthew Passion*, but this is television not radio. Sometimes the extracts seem to lean towards the ultra familiar, going for Beethoven's Fifth and Ninth for instance but, to be fair, that programme does not shirk the difficulty of the late quartets.

In the end what we have here are seven compromises, but almost all of us will know much more at the end than we did at the beginning.

GEORG JENSEN



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Radio/Martin Hoyle

A muddled cultural identity

The BBC World Service has a soap opera. Demands on space have kept me from mentioning it for some weeks. In those weeks it may have hit its stride, indeed changed character; but the first four episodes reminded me irresistibly of Radio 4's unlamented *Citizens*, a sort of *This Life* with cleaned up language, lots of ethnic groups and little sex (if you think that leaves not much else you are dead right).

The World Service's *Westway* is well done. That's the trouble. It achieves its aim all too neatly - portraying a dowdy, charmless, colourless Britain so busy being classless and multi-cultural that a bland, characterless grey mush results. There is nothing wrong with the formulaic - the setting, a multiple practice GP's surgery, lends itself to a variety of characters; but the formula is dully carried out, with predictable smoothie sexist, giddy fun-loving Afro-Caribbean receptionist, a sullen teenager who gives unexpected birth (sounding about 20 years too old), efficient Asian, rufusly middle-aged woman doctor gamely moving with the times, and so on. I suspect

the serial's hidden agenda is to dissuade gypsies from the Czech Republic from coming to Britain, a useful function which it seems eminently fitted to fulfil.

A kind of pattern emerged to Sunday's listening, starting with *Letter from America*. It may be banal but sometimes Alistair Cooke is so laid back, so oblique, that he seems consciously a great broadcaster settling playfully on his laurels, an old lion lastly flicking his tail at us in semi-altruistic mockery. Last Sunday's letter, however, was clearly focused and to the point. It dealt with Tony Blair's address to the American people via press syndication on that now rather alarming obsession, the rebranding of Britain. The Labour PM who unblushingly hosted a summit in Canary Wharf, that symbol of Thatcherite aspiration, is at it again, urging Americans to forget the thatched cottage image of Britain in favour of our

white heat of technology - oh no, sorry, that was another Labour prime minister. As Mrs Cooke remarked, according to her husband's paraphrase, Mr Blair has probably just lost us a million tourists.

Nobody actually goes to Paris, Cooke continued, because it's the home of the world's most advanced research into AIDS, though the discovery comes as a bonus - on top of the Eiffel Tower, food and wine, the Louvre and *que douze-vous*. Cultural images are important. They contain some (if not all, if slightly distorted) truth. But the government whose professed passion for education manifests itself in the glazed-eyed ambition for every child to have a web site while libraries close, museums struggle to remain free and theatres go dark has no idea of roots or culture in the broader (or narrower) sense.

The danger of neophilic tendencies, no safer than being bogged down in the past, was touched on in that evening's *In Business* - among other things drawing lessons from Europe's oldest company, founded in Sweden as a copper mine in 1288, surviving by turning its hand to forestry, hydro-electrics, paper and now chemicals. The company has been flexible, a message underlined by Siemens (150 years old) and even computer giants Hewlett Packard, whose early ventures (including automatic flushing urinals) were unsuccessful.

The surprising fact emerged that companies are intrinsically good or bad irrespective of bright ideas or sensational products. The average life of a company today is 12.4 years. It has something to do with context, recognising a cultural identity (Fortnum & Mason's was adduced as an example here) and using it

with flexibility, which is not necessarily the Blairite idea of out with the old. The best have no buzz-words, marvelled one expert, no "maximisation of profits" or "cutting edge of technology". A government apparently unable to make a major policy statement without the help of a video show should take note.

Saturday Playhouse's *Death of a Witch* was apologetically acted in apparent despair of breathing life into a preposterous tale of murder on the Welsh borders, limply adapted from Ellis Peters, and produced by Sue Wilson well below her usual level. Broad-

side Theatre Company tackled *Antony and Cleopatra* for Radio 3 not, mercifully, in the "Yorkshire dialect" promised by a Radio 4 continuity announcer but with Yorkshire accents. The conversational passages went with a marvellous swing and vitality - but because of a good cast rather than the innate magic of the white rose. Cleopatra sounded, no getting away from it, less regal than Ena Sharples - and she came from Lancashire.

Peace on earth

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How to Spend It

Children's presents that parents crave

Buy for the younger generation – before they become too dictatorial, says Lucia van der Post

Now that 13-year-olds (and even younger) are roaming the counters of department stores being choosy about which of the fragrances they will dot behind the ears, and now that precisely which pair of jeans or trainers has become a matter of huge import, shopping for the young has become a mini-nightmare. Most families seem to solve it by following precise lists to the letter or else by that old-fashioned standby - money.

This week's page, therefore, is directed at the one group still too small to be terribly choosy - those children who have yet to develop determined ideas.

Here are some catalogues and suggestions for children still young enough to enjoy Winnie-the-Pooh, to think teddies are adorable, and not to be able to work the VCR. (And no, sorry, I haven't been able to track down a reliable source of Teletubbies.)

If any of these companies take your fancy, don't lose any time - ring them up today.

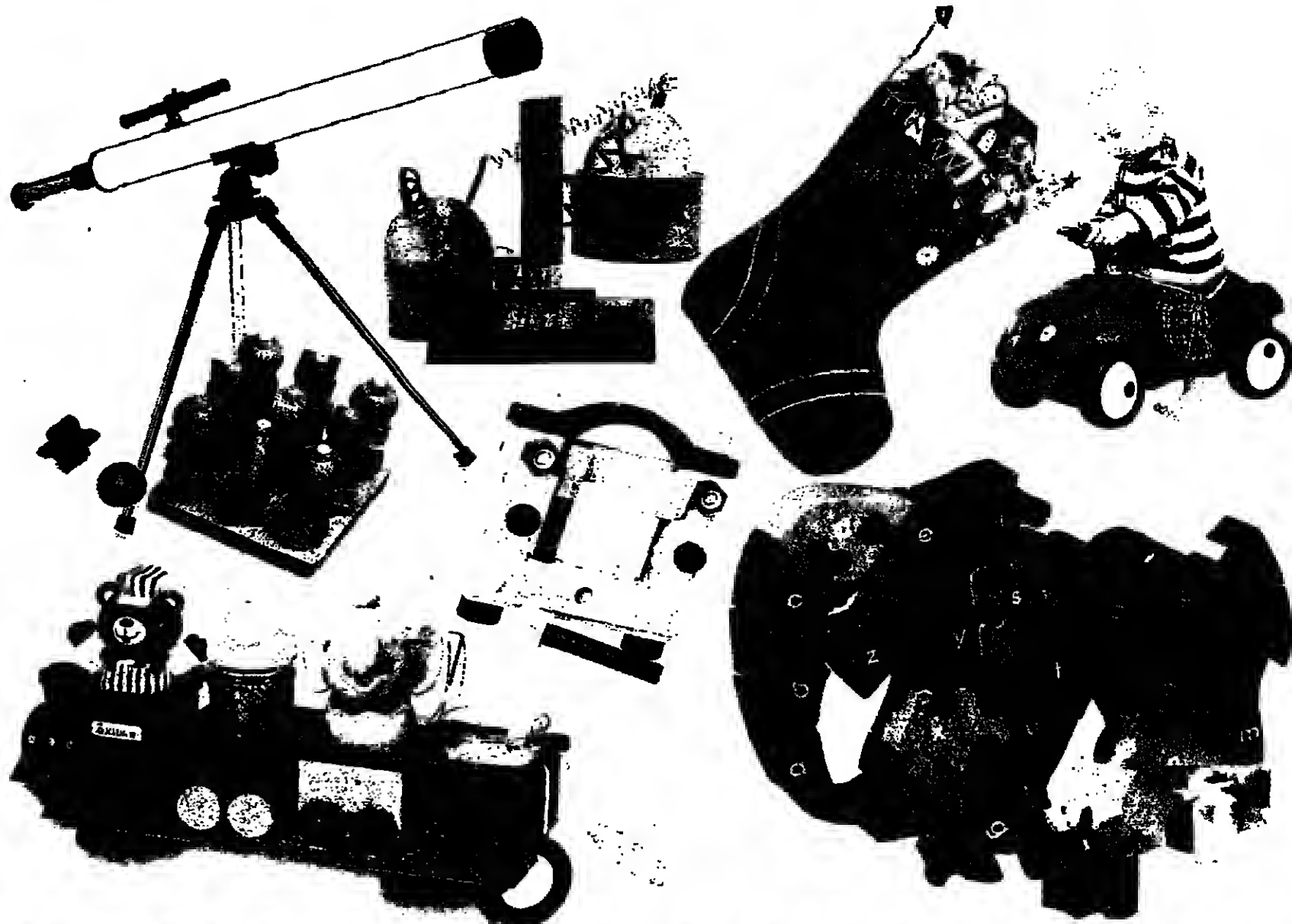
■ Rachel Riley (tel: 00 33 241 380 493 or fax: 00 33 241 380 220). Riley lives in France, has started her own company manufacturing in the Loire valley and

offers the sort of clothes for children up to 12 that the French think are *très Anglaises* and the English think are very French.

She takes the sort of old-fashioned children's clothes that make grandmothers go weak at the knees and then updates them so they don't look out of place in the modern world. This is the place for velvet and smocked party dresses (prices around £70) for old-fashioned elasticated slippers, for soft pyjamas. The catalogue gives phone or fax numbers for Christmas orders.

new children's catalogues. The Toy Magic Order Catalogue from Baby Basics (tel: 01793 687 300 or fax: 01793 687 301). Anybody living far from shops could order for almost any taste among the small set from this catalogue — nice old-fashioned wooden building blocks (always goes down a treat with parents, even if the children themselves prefer bright plastic), sweet little polka-dotted booties, lots of soft toys including a suitably scary alligator (£15.99), jack-in-the-box (£19.99), tops, wig-wags, magic tricks and all the rest. Well-priced, splendidly comprehensive.

■ The Hill Toy Company, 71 Abingdon Road, London W8. Mail order (tel: 01765-689955 or fax: 01765-689111). More parent-



Clockwise from top left: High-powered telescope for star trekking, £39.99, from The Toy Mail Order Catalogue; Digital points clock, £14.99, from The Toy Mail Order Catalogue; Velour and embroidered Christmas stocking with applique, £7.99, from NSPCC; Plastic all-on ear, £34.95, from Tridias; Wooden elephant jigsaw puzzle, £17.99, Toy Mail Order Company; Wooden tool set, £19.95, from The Hill Toy Company; Musical Teddy-Bear Express, £29.99, from The Toy Mail Order Company; Wooden noughts and crosses set, £9.99, from NSPCC Catalogue

approved toys – wooden jumbo building blocks, toolsets, a splendid pull-along wooden lorry with animals which slot into it (£18.95) as well as spinning tops, paints, lots of wonderful unpolitically correct girly things such as prams and tea-sets and dolls. The catalogue for the fancy-dress party – anything from guardman's outfit to dalmatians (very popular this year, it seems), pirates outfits and mini Santa Claus.

■ **Ready Freddie Go** (tel: 01547-530888) or fax: 01547-530893). Tiny collection of eminently practical products – strictly speaking, more for the new mother than the child. A towelling apron which comes with a great big bath towel attached to the waist with Velcro is £29.95, while a hooded, tartan-edged towel.

■ **Trotters**. There are shops at 34 King's Road, Lodon SW3, and 127 High Street, Kensington,

London W8. Mail order catalogue (tel: 0990 33 11 88). Usehul! all-embracing selection of the standard toys from birth to about 10 - everything from soft cuddly toys, Malsie dolls and books to building bricks, spiders, rocks and exploring toys.

■ **Tridias!**, shops at 124 Walcott Street, Bath; Bute Street, South Kensington, London SW7; Clark's Village, Somerset; (mail order tel: 01225-493455). A very long-standing favourite with

almost everything the small child could need from a grand 130cm long wooden rocking horse at £645 (delivery £25 extra) to tricycles, garages, battery-powered trains, engines and puppet theatres. Quite a few things for the older set, too – a holographic spinning kite, Night-Sky Spaceships, jigsaw, crystal radio, chemistry sets and walkie-talkies.

■ NSPPC catalogue (tel: 01283-506101). If you fancy buying from this charity, you will have to get

It's a good catalogue from which to buy all your wrapping if you haven't got round to it, then there's *Playing Shakespeare*, a board game for the older set, and a small selection of toys (personalised pencils, puzzles, rag dolls and a collection of jigsaws and board games).



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HOW TO SPEND IT

Fashion

The next velvet revolution

Karen McCartney on the most versatile and lustrous of fabrics



Velvet, silk/viscose, dress with brushstroke print and asymmetric hem, £345, by John Rocha at Liberty. Mercasite ring, £75, from Detail

It has taken some years, but velvet has at last shaken off its fusty, traditional image and emerged as a fabric for the future. This season it is printed and painted, embossed and embellished, crushed for texture and bias cut for drape. Its popularity is at an all-time high, as a single glance at the Christmas shop windows – whether Next branches all over the UK or Liberty in London's Regent Street – will tell.

Best known for her trademark devoré velvet scarves, designer Georgina von Etzdorf has had a long and fruitful relationship with velvet. Convinced it was not fully exploited as a fabric, she started working with it in 1985 and has been at the forefront of the experiments that have pushed velvet's properties into new and interesting areas.

"With velvet, you can achieve great depth of colour and it responds in an almost magical way to light and shade. It can be dark and mysterious or light and lustrous. This, combined with the luxurious, sensuous feel, sets it apart from other fabrics," she says.

"This year we added elastic to shirred velvet for a fitted, body-conscious effect. And for spring 1998, we have developed a fine silk velvet in silver which looks like a waterfall of mercury."

Also drawn to the fluid appeal of velvet is evening wear designer Ben de Lisi. "Although velvet is a very difficult fabric to sew, it is, and always will be, a part of my collections. When bias cut, it can have the fit of lingerie and it takes wonderfully intricate seams," he says.

"With devoré, you can throw caution to the wind and create

something beautiful and collectable. For me, it is an incredibly versatile fabric and for autumn/winter 1998, I am working on an exciting development with velvet I have never tried before."

Throughout the fashion industry, designers are working with velvet in individual ways. The ever-experimental John Rocha has used hand-painted feather motifs and bold brush strokes to create a contemporary contrast with the softness of the fabric.

Katharine Hamnett has designed long, fitted velvet coats and flirty dresses while Etro, the famous Italian fabric house which has a store in London's Bond Street, has embroidered velvet for a decadent *fin de siècle* feel.

As velvet is no longer restricted to the hours after eight in the evening, its appeal has broadened and companies such as Fenn Wright & Manson are offering well-priced, high-quality designs for a growing band of women who appreciate the easy-to-wear styling.

Sharon Jones, director of Fenn Wright & Manson UK, admits it has had an excellent season, aided by the popularity of its extensive velvet range.

"Our silk velvet quilted jackets at £200 have been popular, as have our loose tunic shapes and wide-leg trousers. Women now understand velvet as a day wear fabric and will team it with a chunky sweater and boots," she says.

Georgina von Etzdorf has her own shop at 31a Sloane Street, London SW1 (tel: 0171-345 1065). Ben de Lisi's designs are available at Harrods' evening and occasion wear room, Knightsbridge, London SW1 (tel: 0171-730 1234).



Burgundy velvet empire-line dress, £325, by Katharine Hamnett. Grey bead necklace, £135, from Detail. Velvet scarf, £112, by Etro. Burgundy satin court shoes, £78, from Kurt Geiger at Selfridges



Left: Velvet print dress, £288, by Sportmax at MaxMara. Right: Long steel grey velvet coat, £288, from Episode worn over devoré velvet dress, £199, by Fenn Wright & Manson from Fenwick's

Shirley: Karen McCartney. Photographs: Craig Fordham. Hair and make-up: Beverly Rooka using Hard Candy products

Where to find national velvet

Detail, 4a Symons Street, London SW3. Tel: 0171-730 8488.
Episode, 172 Regent Street, London W1. Tel: 0171-439 3561.
Etro, 14 Old Bond Street, London W1. Tel: 0171-495 5767.
Fenwick, New Bond Street, London W1. Tel: 0171-629 9161.
Katharine Hamnett, 20 Sloane Street,

London SW1. Tel: 0171-823 1002.
Liberty, Regent Street, London W1. Tel: 0171-734 1234.
MaxMara, 32 Sloane Street, London SW1. Tel: 0171-287 3434.
Pretty Polly, nationwide inquiry number 01623-562500.
Selfridges, Oxford Street, London, W1. Tel: 0171-546 1888.

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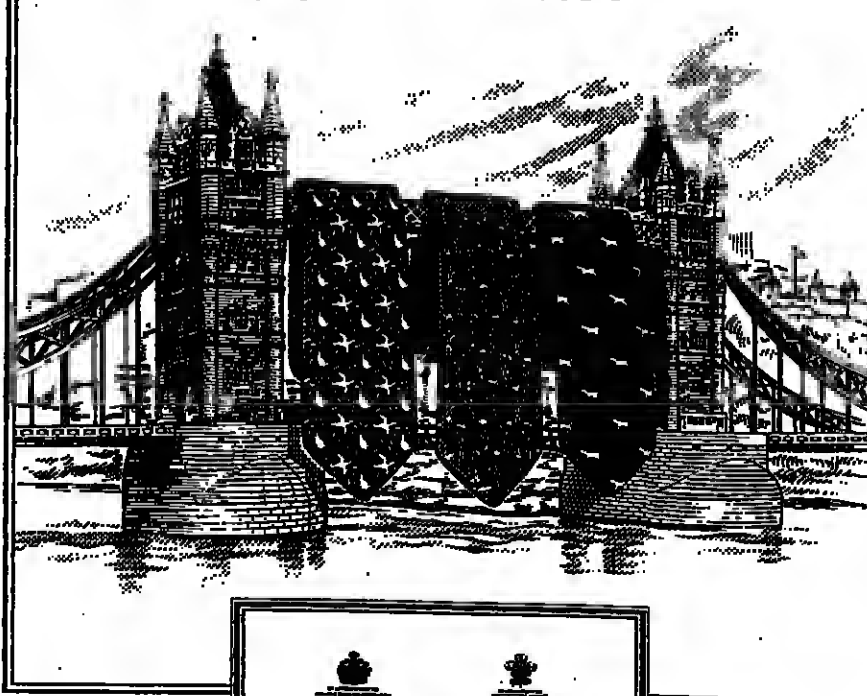
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HOW TO SPEND IT

A celebratory dressing for your festive table

Not that she is a glutton for punishment, but Lucia van der Post suggests yet another chore

As if you didn't have enough on your plate, here I am about to suggest that you make something of a fuss of the Christmas table.

It's not that I'm a glutton for punishment - it's simply that for not too much effort a celebratory air can be conjured up. The beautifully laid, imaginatively dressed table is powerfully seductive and it seems a pity to miss out on this chance to bring warmth, generosity and possibly even a bit of wit to the annual ritual of the turkey and the pud.

Mostly, what it needs is imagination. If this reminds you of Martha Stewart, for ever exhorting us to greater effort, relax. It can all be done much more effortlessly than that. These days, there are so many wonderful props that not too much of the scarce commodity is required. Candles in their simplest form are cheap and by dint of simply massing them together you can create an almost instant air of magic.

Greenery is easily accessible in some parts of the country and great big bowls of tangerines, nuts or lychees are immensely decorative in themselves. Don't stint on flowers, candles, fruit or whatever else it is you choose - generosity is the key.

However, for those who don't have a natural eye for domestic aesthetics and who need encouragement, several books offer such visual inspiration that one can hardly read on for wanting to get started on the matter straight away. Margaret Caselton's book *Stylish Settings* (Weidenfeld & Nicolson, £16.95) is filled with ravishing colour portraits of attractive tables for anything from an outdoor picnic to a grand dinner - somewhere in there will be a picture showing how to make the most of many of the things you already own.

For those who want a little instant inspiration, here are three suggested Christmas table settings from three of London's most interesting designers - as you can see,



Refined elegance from Maryse Boxer

the mood and style varies enormously and each designer has managed to create a very special and completely individual atmosphere.

While not every detail can be copied precisely, each of the tables, in its own way, offers some ideas that most of us could adapt in our own homes.

Maryse Boxer's table Maryse Boxer designs some of the most imaginative tableware around - her petal-edged brightly coloured ceramic plates are now copied everywhere but when she first showed them, sometimes using contrasting colours, sometimes with toning ones, they created something of a sensation. She is currently in a very subtle mood and her sophisticated shades of greys, beiges and soft grey/greens are ravishingly elegant - and not a piece of holly or mistletoe in sight.

The setting shown here is on an organdy cloth with a pale, grey-edged cloth directly underneath the plate. She used plates from her Culture service - the charger plate or under plate is white with a platinum edge (£28), the dinner plate grey with a platinum edge (£23), the salad plate white with platinum edge (£12).

The glasses echo the theme with platinum or silver borders on their tops - prices range from £11.75 to £12 each and with it Maryse Boxer has used contemporary cutlery (prices range from £40 to £65 a piece). Small mother of pearl plates are £45 and the candles £20. Everything shown (except the silver glass, which is her own) is available from Chez Joseph, 26 Sloane Street, London SW1; tel: 0171-245 9483.

Peter Ting's table Peter Ting is a creative director at one of London's grandest glass and china shops, Thomas Goode & Co, at 19 South Audley Street, London W1. As if to show that a sense of l'uzze doesn't only come old-fashioned and

The beautifully laid, imaginatively dressed, table can be powerfully seductive

traditional but can just as elegantly be modern, he chose a resolutely up-to-the-minute look - distinctly minimalist, and again, not a piece of holly or mistletoe in sight. He uses a striking combination of black and white with an asymmetrical, almost Japanese pattern. Prices for the plates vary from £50 to £95 and everything shown is available from Thomas Goode.

Kelly Hoppen's table Kelly Hoppen is chiefly known for her oriental interiors - she has a way of making them seem both slightly austere and yet luxuriously comfortable. She loves a calm, almost oriental colour palette but usually adds drama in the shape of dramatic combinations of objects, and bold ways with fabric. But for her Christmas table settings, she indulges in some sumptuous glamour - she uses a maize-coloured patterned cloth, glass gold-edged plates, gold crinkled napkins and traditional cutlery.

Coupled with generous-sized glasses, lots of flowers and greenery, the effect is possibly the most celebratory of all. Many shops sell similar items - look for the glasses at Anthony Stern, Unit 205, Avro House, Haver-



Resolutely up-to-the-minute from Peter Ting

lock Terrace, London SW8 (tel: 0171-622 9463); plates from Jerry's Home Store, 163 Fulham Road, London SW3 (tel: 0171-581 0909); candles

from Panline Thomas (for stockists, tel: 0171-483 4738); and napkins from Dickens & Jones, Regent Street, London W1A 1DB (tel: 0171-734

7070). Further inspiration can be found in her book *Table Chic* to be published next year by Collins & Brown, £19.99.

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MOTORING / GARDENING

Don't mount an assault on your battery

It's a crucial component. Treat it properly and it will do the same for you, writes Stuart Marshall

Last winter, at least 20 per cent of the 1.5m-plus breakdowns attended by Britain's Automobile Association (AA) were due to battery failure. Often, it had given up the ghost through a combination of age and the strain of turning over a mulish, out of tune engine in sub-zero temperatures. In many cases, though, there was nothing really wrong with it. The trouble was excess demand.

The sudden cold snap at the beginning of this month showed that nothing had changed. As usual, the AA, Royal Automobile Club (RAC), Green Flag and other motoring organisations were flooded with calls for help from drivers whose cars would not start in the morning or had died by the roadside.

The battery has become a victim of its own efficiency. Because it needs virtually no maintenance, many motorists simply forget about it. But everything has its breaking point.

Modern cars make huge demands on their batteries, which are responsible for starting, ignition, the fuel system, lights, rear window de-mister, electric windows and mirrors, screen-wipers

and washers. Batteries also power in-car entertainment, telephone, air-conditioning, security systems and heated seats.

If a vehicle covers a lot of miles on the open road every day, the alternator can cope with the demand. But one used mainly for slow-moving short runs in the early morning and evening can pull more power from the battery than the alternator can put back.

When the breakdown man who answers your call for help tells you the battery needs replacing, believe him. Buy another that same day. Better still, if you have any reason to be suspicious of your battery, get it checked.

If there is nothing wrong except lack of charge, an hour of daylight driving with every non-essential electrical item turned off should put things right. But never, under any circumstances, cold-start an engine with headlamps, radio and (especially) the de-mister turned on.

□ □ □

Frost-slippery morning roads make driving stressful and potentially dangerous. They cause many motorists to wonder if they

are driving the right kind of car. A letter I received just before the recent cold snap will ring a bell with readers who live in the country and have several young children.

It came from Constable country in rural Essex. Adrian Stott wrote that his wife drove a number of their own and other people's children to school, partly through country lanes.

Their Toyota Previa multi-purpose vehicle (MPV) had been perfectly reliable, was roomy enough to avoid friction between their own four children, and had proved to be a comfortable long-distance cruiser. It was, however, a heavy vehicle and could skid on icy country lanes. What might be an alternative?

Given the need for at least six seats, the four-wheel drive estates featured recently in this column (Volvo Cross Country, Subaru Forester and Legacy Outback) seemed not to provide complete safety. Would a seven-seat Toyota Land Cruiser or Mitsubishi Shogun be a better bet, even though they were even heavier than the Previa? Would their bolder tyres and four-wheel drive give better traction and, by inference, make them safer?



Volkswagen's Sharan, with four-wheel drive and up to seven seats, is a strong contender for rural school runs in winter

I think there is no simple answer. Of course, any big on/off-roader – such as a Land Cruiser or Shogun, Land Rover Discovery or Jeep Grand Cherokee – would make light work of snow deep enough to defeat a two-wheel driven car. But would they be safer than a Previa on roads made slippery by frost, heavy rain,

wet leaves, or dollops of mud left by farm machinery?

Not necessarily. Everything depends on how well they are driven.

Vehicles designed to cross trackless terrain cannot be expected to handle on road just like normal motor cars. They are a different kind of animal. Driven within their limitations, they are abso-

lutely safe. But, if expected to respond to an emergency manoeuvre in exactly the same way as a normal car, they may be anything but.

My advice to Adrian Scott: consider an all-wheel drive version of an MPV – specifically, a Ford Galaxy or VW Sharan AWD with a 2.8-litre petrol engine and automatic transmission. (Both cost

around £28,000 and are virtually identical).

They handle much more like normal cars than do on/off-roaders. Clever drive lines allocate engine power to the wheels with most grip, so their traction is much better than that of a car driven through front or rear wheels. And they have up to seven forward-facing seats.

Roomier still is the VW Caravelle Syncro, with up to nine seats. Although this is edging toward the minibus, I find it perfectly pleasant to drive so long as you accept it is nothing like a normal car. A 2.5-litre diesel version will comfortably beat the 20mpg (14.1 l/100km) average consumption of the V6 Galaxy and Sharan.

Billions of discarded two-litre plastic bottles that once contained mineral water and fizzy drinks disfigure beaches and beauty spots all round the world. You might think that collecting 2,132 of them would leave you with a big pile of useless litter. The Chrysler Corporation sees it very differently.

Grind up all the bottles, mix in a bucketful of finely chopped, hair-thin strands of glass fibre – and you have exactly the right amount of granules of recycled PET plastic to make the body of a car that might, just might, change the face of motor manufacture in the next century.

CCV stands for Chrysler Concept Vehicle, an ugly duckling of a four-door saloon which was tucked away in a corner at the recent Frankfurt motor show. My first impression was that America's third largest car-maker had tried

The car they make from plastic bottles

Stuart Marshall finds that Chrysler's Concept Vehicle distinctly reminds him of a French predecessor

to re-invent the Citroën deux chevaux 50 years on.

Superficially, the resemblance is striking. Like the *deux chevaux*, the CCV has a two-cylinder, air-cooled engine driving the front wheels, soft suspension, and generous clearance for non-damaging driving on rough roads or across fields.

It has seats as stark – and as comfortable – as canvas picnic chairs; a gear-shift poking out of the fascia; a body looking as if no one had remembered to put on a top coat of paint; and an interior that had not been cleaned with a hosepipe.

Chrysler said the CCV could be made to sell for \$6,000 and could motorise the developing world just as the *deux chevaux* had per-

suaded the French peasantry to abandon horses and carts in the 1940s. Alternatively, it might appeal to more sophisticated markets as an urban runabout.

Having made a close inspection of the CCV at Frankfurt, I begged to differ (this column, September 27). One of the millions of second-hand Toyotas and Nissans thrown away each year in Japan with lots of life still left in them would, I thought, be more appealing than a new car that would stigmatise the owner as too poor to buy anything better.

Now I have driven the CCV, I still doubt that, in its present form, it ever will be a world car for the underprivileged. But large injection mouldings of recycled thermoplastics could be an



Chrysler's CCV... halfway between a car and a motorcycle

economical and environmentally attractive way of making the main structure of a car.

The CCV's body consists of just four very large mouldings, glued together and bolted to a rudimentary chassis to which the

mechanical bits and pieces are attached. The body is produced on the world's largest injection moulding machine and needs no painting because pigment is mixed in with the plastic granules.

The good news is that this

saves a lot of money. The bad news is that the surface finish is like that of the industrialised wheelie bins the huge moulding machine makes most of the time.

Will buyers, used to cars with glossy flanks, accept a matte finish? This is one of several imponderables about the possible wider use of self-coloured thermoplastic mouldings in normal motor cars.

Another is how well a vehicle made largely from plastic would protect its occupants in a crash. Significantly, perhaps, Chrysler and its partners in the plastics business are now referring to the CCV as "a rolling laboratory on wheels" almost as often as they mention its possibilities as a vehicle for putting the devel-

oping world on four motorised wheels.

One immediate potential use for mouldings of the kind used to make the CCV could, I thought, be as a superior kind of bumper. I saw a sample CCV-type thermoplastic panel survive undamaged when struck by a steel ball weighing a kilo (2.2lb) and dropped from four metres (13ft). An identical metal panel was dented severely.

Today's painted, body-coloured plastic bumpers are scarred so easily by careless parkers that self-coloured ones made like the CCV's tough panels might save money and aggravation.

Driving the CCV was like taking a step backward in time. The 800cc Briggs and Stratton V-twin engine fired

up with exactly the same whirring noise as the 375cc flat twin of a *deux chevaux*. The gears (straight cut for cheapness and ease of manufacture) whined loudly but the soft, long-travel suspension beautifully absorbed the bumps and hollows of woodland tracks.

The CCV falls halfway between a proper car and a motorcycle with sidecar. It might – if they could afford it – meet the transport needs of people living in mud huts. But the thought of a sophisticated westerner buying one as a town car is risible.

Chrysler says a manufacturing plant capable of turning out CCVs in their tens of thousands would be much smaller and cheaper to set up than one building conventional cars. No doubt. But would buyers appear in equal numbers?

Fast experience of attempts to make very cheap and simple cars for a mass market suggest they would not.

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Gardening

I'd like Myrtle in my stocking

Or, failing that, Christmas would be better for some fertiliser, says Robin Lane Fox

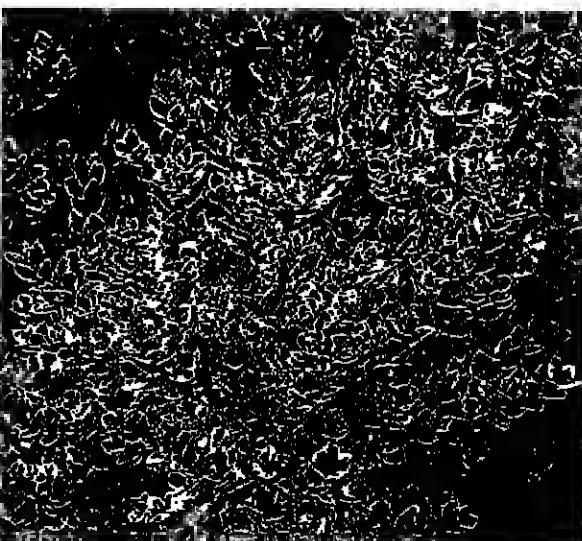
Like most other gardeners, what I really want for Christmas is new soil for my entire garden. I know we are all supposed to improve it, compost it and leave it to the love of earthworms. But if you are not going to send a large load of leaf mould and two full-time helpers to spread it, what can you send a keen gardener without embarrassment?

There are plenty of things on the market in which no keen gardener would be seen dead. Maybe they would wrap their dog in a designer coat called Muddy Paws, selling at £11.95, but the poor thing would die of humiliation. I doubt, however, that they would wrap their family fingers in today's sexist line in garden gloves.

If I saw a female gardener advancing on my plants in a pair of Floral Hi Grip hand-covers, I would intercept her, knowing she could not be serious. Keen gardeners are not trained lumberjacks if they are men and flower-patterned violets if they are women. Gardeners do not want bossy ideas of gender imprinted on their gloves.

Nor do they want pads strapped on to their knees, although I can imagine pairs of Town Knee Pads (£8.75) going down well for display in worm-free corners of Chelsea.

Antiqued watering cans and metal holders with aged patina are starting to be all the rage. The right present for a serious and stylish gardener is a can from Haws, perhaps the dark green English Watering Can at



Myrtus Glenleam Gold: if it doesn't survive the winter, try again next year

£49.95. If someone has lost their fittings for an old Haws can, replacements can be sought from the makers, Haws Elliott, Beakes Road, Smeethwick, Warley, West Midlands. The cans themselves have the length, design and handiness to make them a market leader.

Secateurs are a slightly more disputed area. My former colleague, the late Arthur Hellyer, always swore by the Swiss-made Felco range which has a good angle of cut and range of fixable positions and sizes.

This year's Felco no.2 is certainly an outstanding weapon for gardeners at £37.50, but I perhaps lack the Hellyer subtlety of angle and am entirely happy with Wilkinson Sword's small hand-

pruner at £12.99 and large hand-pruner at £22.50. Both have 10-year guarantees and have done no visible damage to my shrubs and border plants over the years.

We all know those last-minute problems over somebody who needs something that need not be sexy and is better if it is quite cheap. If they are gardeners, a kilogram bag of Perlite in which to root cuttings and a kilogram bag of Vermiculite with which to surface seedlings will flatter their abilities and not allow them to admit they buy plants ready-grown in containers.

Arthur Bowers does neat packs of each at about £7 a time. I would also be grateful for a standard box of Oscocote, the slow-release fertiliser which is at last

available for amateurs from DIY after years of being for professionals only. It makes for a prolonged memory of Christmas as the fertiliser releases over six months in a reasonable wet summer.

Weed killers are more controversial. "Is this the one which sterilised Italians?" I heard a middle-aged female asking an assistant with a definite note of hope. Nowadays, it is hard enough to buy anything with the clout to sterilise so much as a pansy. "New formula" SBK Brushwood Killer is still the most potent killer for garden jungles on general release.

None of these presents is wasted on a serious gardener, who would far prefer them to yet another collection of plant supports with Christmas patterns.

The alternative, of course, is to give a plant. Indoor plants are the national victims of the next two months, but outdoor plants are a far better buy and need not look like a bunch of twigs. If you want to combine appearance and long-lasting beauty, go for some of the newer lines in good garden centres which will fit well into expert gardens, even in towns.

A touch of variegation brightens up the leaves when the plant is unwrapped. Most of the hollies on general release are too vivid for my taste, but there are three possibilities which anyone ought to enjoy.

Much is being made of the low-growing *Lonicera nitida* Silver Beauty which is an evergreen growing to a

height of about two feet. It is up by a pretty silver-white variegation all over its small leaves. You would never guess the boring old green parent of so many under-tipped hedges could have such a charming relation.

It may not be entirely hardy, though; also the one weakness of my second choice, the variegated forms of Myrtle, including the one called Glenleam. All forms of Myrtus are definitely plants for a south-facing wall, but they have a strong chance of survival outdoors in warmer town gardens and the scent of their leaves is always a pleasure.

If next year's frost kills it, you can always try again next Christmas. If you want really slow, sure value, hunt out one of the excellent plants of Osmanthus which are now in the better garden centres, supplied by Belgian specialists.

Any knowledgeable gardener would be glad to have a plant of this beautiful shrub because it is a completely hardy evergreen and grows so slowly that it takes up little space. A second one is never too intrusive.

Like all good things, it is being jostled by something newer and much more vulgar. In this case it's Osmanthus Goshiki, which has annoyingly mottled leaves. Accept no substitutes and buy the basic evergreen, plus form, knowing the recipient should be on happy terms with you for the next 20 years of this plant's handsome developing life.

TRAVEL

The Douro: river that led to new worlds of wealth

Nicholas Woodsworth discovers the elements that make the city of Oporto unique

The Hotel Infante de Sagres in the city of Oporto has, among other amenities, a delightful old lift. It is equipped with that rare thing in the world of lifts these days, an elegant, upholstered bench. Not long ago I found myself firmly ensconced on it, pleasantly rising and falling past floor after floor with no particular destination in mind.

For one thing, Oporto is a hilly, up-and-down sort of place, and after hours of energetic wandering it was rather a comfort to find myself mobile without having to move a single weary muscle. For another, the lift was snug and comfortable, an ideal spot for a little quiet reflection. And I needed reflecting. I had lost my bearings.

Most cities, no matter how complex, have a dominant signature note, an overall ambience created by history, geography or climate, by architecture, human temperament or professional activity.

Cities can be industrially gritty and hard-working, studious and academic, penny-pinching and mercantile, bawdy and pleasure-seeking, theocratic and heaven-seeking. They can be forward or backward looking, introverted or extroverted, cold-shouldered or welcoming. It is by such perceptions that visitors situate themselves and navigate their way through unfamiliar places.

The trouble was that I had

wholly failed to get any such handle on the city of Oporto. I felt as lost as I ever had in western Europe.

Oporto, somehow, was noticeably out of time and place, but in its peculiarity, I could discern no unifying theme. I had wandered through narrow streets, gazed at a hundred varied, venerable and astonishing things, but was quite unable to say what it was that pulled them all together.

The belfries and pinnacles of dozens of churches stood as stone-carved reminders of a glorious age

What I needed, I decided, was the height to see things more clearly. And not just the height provided by the Infante de Sagres lift, either. Reluctantly surrendering it, I made my way out through the lobby, into the street, and over to the Torre dos Clerigos, the tallest church tower in Portugal.

Some 235 steep and pulling steps later, Oporto lay at my feet. From there I could see the nearby Atlantic Ocean and a vast, constantly changing maritime sky. There were parks and plazas with intricate sidewalk

mosses in black and white cobbles.

There were ornate public buildings, and monuments and statues to unfamiliar heroes. There were densely packed red-tiled roofs, poor and decrepit in a distinctly third-world kind of way, on the sloping hillsides.

And rising above, on every hand, massive and stone-carved reminders of what could only have been a glorious age, were the belfries and pinnacles of dozens of churches.

But what stood out most in this landscape, what dominated the entire city, was the green-grey, snaky Douro River that flowed to the sea at the bottom of the city's steep slopes. Everything – hills, roads, buildings, the entire city – seemed to converge on it. Perhaps down there, I thought, I would find something that made sense of this bewildering place.

And so, step by step, I began my drop down to the Douro. As descents go, I found it even grander than that provided by the Infante de Sagres lift, for it travels down every age this old and richly diverse city has lived through.

Take for example, the service station that sat on the Praça de Lencastre below my hotel. Most cities can boast a bit of Art Deco ornamentation. But in Oporto, where the clock stopped ticking somewhere in the 1930s, Art Deco is about as modern as any building gets.

Lying around, unselfconscious and unremarked, are



Oporto: 'In few other cities in Europe have such quarters remained so long untouched by urban renovation'

John Bates/Sipa Images

not only gorgeous Art Deco cafés such as the nearby Majestic or Brasileira, but Art Deco hotels, restaurants, cinemas, and yes, even service stations.

But that was only the beginning. The further I headed down towards the river, the closer I approached the mysteries of Oporto's past.

What about the old British telephone boxes and red pillar boxes that sit on the sidewalks below the Praça da Liberdade? Or the Feitoria Inglesa, the "English factory", one of numerous Oporto buildings that in Pal-

adian style reproduce the neo-classical buildings of 18th century England?

The proudest possession of the Fasseio Alegre gardens are not, in fact, its gardens, but its British public conveniences – elaborate ceramic urinals imported from England. What brought such incongruous things from so far away?

And what, I wondered, brought the vast wealth that built Oporto's magnificent baroque churches? In the Church of San Francisco, still nearer the water, my jaw dropped at the extent and detail of the rococo

gilded wood-carving that dripped from altars, walls, pillars and ceilings. Not even paradise itself, I am sure, can boast this many golden carvings and smiling cherubs per square foot.

Over at the Sé, the great stone cathedral that looms on a high bluff directly above the river, I left behind the baroque and plunged into an even earlier medieval age. The Sé itself is of 12th century Romanesque construction, and looks more like an austere fortress than a cathedral.

More inviting were the crowded medieval streets

that ran to the foot of the Sé. There were tall, narrow houses cramped together, their facades intricate compositions of coloured ceramic tiling, narrow iron balconies, and hanging laundry swaying in the breeze.

There, too, were antiquated businesses – old shops with dark interiors, wooden panelling, and glass-fronted cabinets; fusty ecclesiastical establishments selling gory crucifixes, santones and communion chalice; tiny, archaic bars containing strange bottles, hanging hams and whiskey men; antique barber shops

where straight blades were being stropped to turn whiskery men clean-shaven. Oporto, in fact, is as remarkable for its human presence as for its monuments and period architecture. Down the stairways and steep cobbled alleys below the Sé I plunged towards the water. In few other cities in Europe have such poor, dishevelled and atmospheric quarters remained so long untouched by urban renovation.

There was rusty corrugated iron siding here, strange, dank odours, children spilling from low, cramped quarters to play in narrow streets. But there were touches of southern sensuality, too – vines growing on whitewashed walls, pots of bright geraniums, sad strains of fado floating through open windows.

And so, at last, I reached the old quays on river Douro and found the element that makes Oporto so uniquely Oporto. It is, of course, the river itself.

The very name of the city is an obvious clue. It was the river that in Roman times encouraged the growth of two trading towns on opposite banks, Portus and Cale – eventually giving the whole country its name.

It was the river that saw Prince Henry the Navigator, a native of the city, sending off Oporto caravels to the discovery of new worlds of great wealth. It was the river, too – or at least its banks – that in return gave the world port wine and established both its commercial reputation and English merchants in the city.

Porto leads to the river, and the river leads inland to further mysteries, many of them of winy allure. On the quay before me I spied the Vistadouro, a cruise boat that would head upstream next morning. I would take it, I decided. But first I had a little journey to make under my own steam. I knew, and began trudging up Oporto's steep hillsides.

Nicholas Woodsworth flew to Oporto with TAP, tel: 0171-828 0262. His stay was organised by Spanish and Portuguese holiday specialists Mundi Color, 276 Vauxhall Bridge Road, London SW1V 1BE (0171-828 6021).

The smell of sulphur and Cuban cigars

Andrew Jack tries to enjoy Club Med's latest offering

There is a minor problem with the sunny white beach and warm turquoise sea, of Varadero, the fast-growing tourist resort on the northern coast of Cuba. It just happens to sit on top of one of the country's most important reservoirs of oil.

Facing an agonising choice – sacrificing one or other of their best resources – the Cubans have calmly opted to make no choice at all. Instead, they have slapped up a few palm trees to conceal the nodding donkeys nearest to the mushrooming hotels.

That does not do much to hide the chimneys on the horizon spitting forth huge gas flames, nor the periodic wafts of sulphur that drift along the coast. But what more do you expect in a country so full of contradictions that the cigar shops hang "no smoking" signs on their doors?

Barring occasional unfortunate changes in wind direction, oil is not a threat for Club Med's Varadero, which prides itself on finding prime sites for its holiday villages far from other tourists. Since last summer, the French group has added Cuba to its 100-odd destinations around the world.

Let me stress straightaway that I am not exactly a fan of Club Med. Give me a snort of sulphur any time over a holiday which ties me to a single location for a whole week, far removed from the charms of the country and culture in which it is based, surrounded by fellow tourists and overly attentive gung-ho staff. Come to think of it, in Cuba I had all of that and the sulphur, too.

It is enough of a mystery to me that the French – renowned for their individualism – seem so happy to flock to such a "concept" in large numbers. And more curious still, that the clanish British stay away (illustrated by the lack of any English programmes on the satellite television, except a US chain which seemed to do nothing but plug forthcoming films that never forcame).



So there is copious and excellent food, endless sporting activities and vast numbers of eager *gens de mer* (GOs) to look after the children or dance with the singles. And nothing stops you, the fans argue, from leaving the site – other than that you have paid, in the case of Cuba, a minimum of FF\$8,100 each for a week's full board (alcohol and massages extra).

I came to witness the inauguration of the Club's new village partly because I hoped Fidel Castro would turn up. To cut the suspense short, he did not. That caused endless speculation about whether he was ill, didn't want to aggravate the Americans over foreign investment, or was simply bitter that his pal Gérard Depardieu apparently cancelled at the last minute.

Jacques Attali, François Mitterrand's former right-hand man and ex-chief marble-cladder at the European Bank for Reconstruction and Development in London, was obviously not enough of a pull for *el barbu*, though why he had turned up triggered plenty of questioning.

My visit was also a way, at long last, to see Philippe

Bourguignon, the man credited with turning round Euro Disney, and who was persuaded by shareholders at Club Med this spring to attempt the same thing for them. He could hardly expect to maintain the low profile he has kept since his appointment after inviting a charter aircraft-load of journalists with him to attend the opening.

Grabbed between a dawn photo session and a mid-morning work-out on a trapeze, the ever-enthusiastic Bourguignon conceded that Varadero was less the first village to bear his mark than the last in the image of his predecessor, Serge Trigano, son of one of Club Med's founders, not to mention Serge's wife, who did the interior design.

It reflects many of the changes the group has made in the last few years. As the lustful young things who first visited in the 1960s have aged, married and procreated – yet still come back for more – the facilities have evolved to become more comfortable and varied. Use of the informal French *tu* is no longer compulsory, and gone are the tables of eight designed to force clients to mix.

The GOs did all form a human passage to welcome and dispatch us with claps and smiles, and performed their amateur entertainment sessions in the evening, but the bizarre Club Med cult *signes dementiels* song-and-dance routine was not on offer (since we were perhaps rather more cynical than the typical guests, as one executive admitted).

Club Med Varadero is unusual in other ways. The concrete hotel building existed before the Club arrived, and is owned by the pleasant sounding local company Gaviota. That turns out to be the tourist division of the armed forces, with prime developments around the country – no doubt a sensible way in a one-party state to keep some rather powerful people sweet.

Gaviota also furnished the Cuban GOs, who sounded pretty well paid at \$450 a month, until I heard that the general who runs the company claims to earn \$50, and discovered that the salary is paid to the state, while staff receive a more modest sum in local currency.

It even provided us with guides, who filled our entire two-hour coach ride into Havana with scintillating information on the growing economy, the expanding sisal harvest, and the rising levels of electricity production. There were fewer mentions of the ugly half-finished factories – abandoned since Russian aid ran out – which age rather less majestically than Havana's peeling but magnificent colonial-era buildings.

Once you escape from the officials, you can find plenty of friendly – and honest – people willing to talk about local life, and much to keep you busy on a trip round the island. Perhaps Club Med Cuba can provide you with some rather interesting insights after all, at least into the government's preferred vision of the country.

The French company certainly seems to think so. It is already planning another village in the east of the country. I think I will be heading to the west.

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As day trips to the seaside go, this one was a bit different. You might not be terribly impressed if I had told you that last weekend I travelled from Essex to Worthing and back in a day in order to treat Rhys, my son, to a fish and chip lunch.

But you might raise an eyebrow if you heard that it cost around £12,000 - give or take a few quid - and the trip was made by Concorde. The Worthing in question was in the Caribbean, on the island of Barbados, where English names predominate. And it really was the ultimate day at the seaside - it is 4,300 miles from Heathrow - made possible by Concorde's ability to travel at twice the speed of sound, in this case for a journey time of 3 hours 46 minutes.

Now there are some stick-in-the-muds who might think that is an excessive

amount to pay for lunch for two. But I could remind them that three businessmen recently spent more than £13,000 on a meal at Le Gavroche, in Mayfair, London. And not so much as a Tube ticket to show for it, never mind a supersonic tuck-in under a waving palm.

So it was that my son and I left dank and grey Woodford Green early on Saturday, for a 9am check-in at the Concorde lounge in Heathrow - our only care in the world whether the airport pharmacy stocked Factor 15 sunblock.

Unlike most of the other passengers we were unencumbered; no suitcases, false tans or false teeth - when you are only going for the day you can really travel light - and there was plenty of time to pick up a Back's fixz and the Weekend FT before the 9.40 take-off. Normally it takes a Boeing

747 eight hours 40 minutes to reach Barbados, but on Concorde it seemed that we had hardly time to relish brunch, unwrap our British Airways gifts - every passenger received a Concorde pen - and write our "wish-you-were-here" postcards before we had arrived.

Now to make the most of your 3½ hours of 90°F Caribbean bliss you have to be organised - and, fortunately, we had everything laid on.

BA's Caribbean staff fast-tracked us through customs to pick up our waiting air-conditioned mini-bus. There followed a whirlwind tour of the southern part of the island: Trafalgar Square, Hastings, Worthing and Bridgetown - gloriously colourful and fit to burst - on what turned out to be a combination of race day and market day.

A quick check-in at our day room in the Barbados Hilton, to change into shorts or swimwear, and it was down to the beach for a dip - more of a paddle in a case - on the hotel's private beach and lunch surrounded by palm trees, hummingbirds and well-built Bajans.

Two rum punches, a plate of flying fish and some fries duly consumed, and it was time to get back in the bus. Pausing just long enough to take a picture of the Kensington Oval - you would be surprised how many West Indian cricketers there are in Woodford Green who want a Holy Relic - and it was back to the airport for the 1.40pm flight.

The bus driver seemed to know most people on the island and he tooted almost every other car as we sped past roundabouts all seemingly named after famous cricketers. I particularly liked the Sir Garfield Sobers

roundabout, decorated with a large, light-up plastic angel in readiness for Christmas.

There was just time to buy a couple of T-shirts and some Mount Gay rum - the oldest in the world, it is claimed - at the airport duty-free shop and we were back on board Concorde.

Phew. No sooner had we soared above the turquoise sea into the brilliant afternoon sun than I was drinking a glass of champagne, contemplating my next meal and wondering if it had all been real.

It struck me as I slipped my glass of Laurent Perrier Grand Siècle - perhaps a bit too fragrant for palates and senses reeling from a quick blast of Caribbean culture - that the wine list is rather too good to serve in air travellers whose critical faculties are dulled by too much rum and sun. Or is it?

Drinking a 1862 Médoc, Chateau La Lagune, while travelling at Mach 2, and listening to Handel's *Oratorio* on the in-flight headset is as near heaven as I am likely to get, particularly as we were at £10,000.

It was, I considered, only the merest whiff of the Caribbean, as if a door had been quickly opened and closed. But it was enough to whet the appetite and sustain this truly northern spirit through the British winter.

Waking late the next morning I could have sworn that it was but a dream. As I stepped into the bath the sand between my toes told a different story...

For details of Concorde day trips ring British Airways on 0345-222111. Day trips to New York cost £2,894. Independent companies also organise day charters.

Jill James

Skiing

Japan gears up for its Olympic year

Arnie Wilson goes to Nagano, where next year's winter games are being held

After much saving of face (about 35 vertical metres to be precise), the powerful Japanese environmental lobby has climbed down over its battle with FIS, the International Ski Federation, over the length of the men's downhill course which has threatened the last winter Olympics of the century.

"Everyone involved in skiing is bound to applaud this decision," said Mike Jardine, chief executive of the British Ski & Snowboard Federation.

"Heds needed to be knocked together. Starting the course from as low as 1,680 metres would have produced times of around 1½ minutes, which would have been crazy."

The downhill course, at Happo One in the beautiful Hakuba Valley, had been severely shortened because of environmental concerns. The Japan Alps may be known as the "roof of Japan", but the authorities decided that starting the course from an altitude of 1,800 metres, as first planned, would encroach on Chubu Mountain National Park land, and insisted that the course should start from 120 vertical metres lower.

FIS finally threatened to

"pull the plug" on the games by pulling out of all alpine, freestyle and snowboard events.

The Japanese relented. But not entirely. By agreeing to start the course from 1,785 metres, they gave ground on 85 vertical metres, but are clinging on to 35 metres.

'Karamatsy is a rugged peak. I have tried to create a difficult, fast course'

Face and games were saved. There was far too much at stake for the Olympics to have been genuinely under threat. Apart from the immense construction costs at the three big locations, new roads have been built linking them with Nagano. City and new bullet trains have been designed to whisk competitors and spectators to Nagano at 275kph. This cuts travel time from Tokyo to the Japan Alps from three hours to just 90 minutes.

Bernard Russi, who took gold in the downhill at the last Japanese winter games at Sapporo in 1972, has

designed the course on Mount Karamatsy at Happo One. He made the best of the environmental constraints, but he is bound to be relieved about the increased technical demands that the lengthened course will demand of the racers.

"We Europeans have an image of Japanese mountains as being rather low and not too steep," he says. "My visits to Hakuba have changed the way I regard mountains in Japan. Mount Karamatsy is a rugged peak. I have tried to create a very fast and difficult course."

Nonetheless, many Japanese ski resorts are small: Shiga Kogen, where many of February's events will be held, is a collection of 21 different areas, all linked, give or take occasional short bus rides and or walks from one side of the road to the other.

But you can visit them all in two days of skiing. The Hakuba Valley, which will host most of the other events, has rather more terrain and some of Japan's more awe-inspiring alpine scenery.

There are half a dozen ski areas stretched along this picturesque valley, dominated by Happo One, which will attract much of the limelight with its much-debated men's downhill



Nagano landscape: the sight that will greet competitors in next year's Winter Olympics

Shinji Onoda

course. Happo is a genuinely impressive ski resort which would not be out of place in the European Alps.

Apart from offering some challenging skiing, it has a curiously attractive base area with a narrow main street winding through Hansel and Gretel cottages and chalets with mock-Tudor

and crenellated facades, like something from the blueprint of a Disney theme park.

Tokyo businessmen - often too busy to take a week off - will often try to cram a week's skiing into a weekend. Saturdays and Sundays can be extraordinarily busy on the slopes.

It is common for skiers to arrive by Shinkansen or bus late on Friday or early Saturday, sleep for an hour or so, and be on the slopes almost day and night for the whole weekend.

For those too busy to spare even a weekend, there is the Ski Dome on the outskirts of Tokyo, where they

can spend two hours skiing on artificial snow in an edifice that resembles an Apollo launch pad tilted on its side. This man-made mountain has two high-speed quad chairs, serving both easy and "more difficult" runs - there is little to choose between them. They are almost a quarter of a mile

long, with a vertical drop of some 250ft (roughly the difference between the disputed Happo One downhill courses).

Although Japanese skiers abroad are often devotees of Helicopter Skiing, domestically they rarely ski off-piste. In some resorts, it is positively discouraged.

A few winters ago fights broke out between some visiting New Zealanders and the ski patrol in Shiga Kogen when the visitors ignored instructions not to ski off piste.

This could be something to do with the Japanese dislike of doing anything which is not organised for them. It can be a double-edged sword.

It means that because almost everyone skis the groomed trails, they can become very crowded, especially at weekends: one Sunday, more than 41,000 skiers were recorded at Naeba. (This is a formidable number even by Japanese standards, and Naeba is one of the busiest resorts in the Japan Alps.) Collisions are inevitable.

If you try to turn one way to avoid a collision, there is a good chance that you will simply ski into the path of another skier. However, skiing off-piste can be a good way of avoiding a bottleneck, not to mention grabbing some fresh tracks in sublime powder which no one else seems to want to ski.

In spite of the climb-down over the downhill course, the Nagano Olympics will be the most environmentally aware yet. Caterers will be using biodegradable bowls made from recycled potato pulp and plates containing recycled apple fibre.

And even though the downhill course is now a respectable length, hundreds of rare Gift butterflies have been lured away from the finishing line by transplanting 5,000 of their favourite *myiura tai* grass and yellow barwort plants to a new location.

high altitude of more than 18,000ft, is run using an old Ford engine.

Personally, I plan to spend Christmas at Marsh Air Force Base in Antarctica, near Villa Las Estrellas, on King George Island. The Cerro Franciscano slope has a vertical drop of nearly 200ft. More than enough to ski off the effects of Christmas dinner. Besides, you get more for your money in Antarctica than St Moritz.

Arnie Wilson

Odd places to ski around the world

Given the choice between glitzy St Moritz and Mount Trashmore in the US (vertical drop 195ft), where would you rather spend your winter holiday? No contest, really. The skiing at Trashmore is rubbish.

Other examples include

known to have had a skier run over by a drunk driver. The motorist veered off the road and ploughed into a lift line. In its former existence as a rubbish dump, it was so close to the road that once it had filled up and been converted for skiing, skiers were at the mercy of out-of-control motorists.

There are many odd ski

areas around the world: on volcanoes in Chile and New Zealand; in subterranean caves at Björkliden inside Sweden's Arctic Circle; famously on plastic slopes in Britain; and in little more than fields in Illinois, Alabama and other "resorts" in central US. You can ski on every continent - even Africa. Many ski areas depend

entirely on artificial snow. Cloudmont, Alabama (150 vertical feet) has two towns serving one easy slope and another - which occasionally works up a mogul (bump) or two - slightly less easy. China has one or two areas without any ski lifts at all. Few Europeans have sampled them. It is a long way to go to ski in a field.

Iran, predictably, does not believe in unsex slopes, dividing the runs into those for men and others for women - although this is not always possible. One resort, Shemshak, has only one main piste. Chadors, the traditional black head-to-toe garments worn by many women in Iranian cities, are not practical on the slopes. At speed they tend to do

what Marilyn Monroe's dress did in *The Seven Year Itch* - reveal considerably more than they are designed to hide. So Iranian women skiers tend to wear jeans and shapeless sweaters. Few South Africans realise that the Drakensberg are the home of one of the oldest ski clubs in the world. But, like Hawaii, skiing is impossible

some winters because it does not snow, and snow-making is impractical. Conversely, the Japanese resort of Gassan has too much snow in winter so the resort opens only in the summer.

In Awakino, New Zealand, the main rope tow is powered by an old tractor. In Bolivia, the ski area at Chacaltaya, at an absurdly

The village that deserved a bravery medal

Christopher McCooey hears a 17th century story of heroism and sacrifice in Derbyshire

If you like beer, dogs spread over floor and seats, tasty food and coal fires, then The Three Stags' Heads at Wardlow, north-west of Bakewell, in Derbyshire, is for you.

Geoff, the landlord, may look like a hungover Viking but is most convivial - he also makes pots and plates for sale. In my list of real pubs I have known, loved and lurched out of, this comes in the top five.

It was just as well that I only had a bowl of sweet and sour vegetables for lunch, as we were walking to Eyam and there were still a few miles to go across pasture land separated into smallish fields by dry stone walls. Some of the squeeze-stiles were so narrow that pudding might have meant a detour.

Although Saxon in origin, it was events in the 17th cen-

tury that put Eyam on the map. The place, like Malta after the second world war, deserves a medal.

The year was 1665 and, as the story goes, an itinerant tailor, George Viccars, had arrived in the village from London and was lodging in the cottage owned by Mary Cooper, a widow, who lived next to the church. The cloth he had brought with him had become damp during the journey so he spread it to dry in Mrs Cooper's garden.

It is believed that rat fleas, infected with the bacilli which causes bubonic plague, had hitch-hiked in the cloth from London; when it was shaken, some of them hopped on to the tailor and bit him.

Within a week George Viccars was dead. He was buried on September 7 and that, so far as posterity was con-

cerned, should have been that.

But in the next three weeks there were a further six deaths in four neighbouring cottages. The fear and panic in the village must have been palpable. As the outbreak began to take hold, those who could left - some to stay with relatives elsewhere, others to live rough in the hills.

William Mompesson, the rector, was urged by Catherine, his wife, to leave. He refused because he considered it his duty to administer to the afflicted in the village. The rector told his wife to take the children and leave but she stayed with her husband. That decision cost her her life, but the children went to relatives in Yorkshire and survived.

The full and tragic story is told in the church and

museum. In effect, the rector persuaded the villagers to quarantine themselves. A *cordon sanitaire* was thrown round the village - at designated places on the boundary, messages, goods and

The setting for the stately home is splendid, on the left bank of the river

food were left. To pay for the items, the villagers left their money under water or in holes drilled in stone and filled with vinegar which was believed to disinfect the coins.

Out of a population of

about 800, 280 died in 14 months. Of the Hancock family, only the mother survived. She buried her six children and her husband in an open field as the church and graveyard had been closed to prevent contagion. But the plague did not spread to surrounding towns and villages.

Close to Eyam is Chatsworth, the country seat of the Cavendish family who were first earls of Devonshire, later elevated to dukes.

The setting for the stately home is splendid, on the left bank of the river Derwent, and surrounded by park land laid out by Capability Brown. The 6th Duke wanted to live in splendid isolation and pulled down the village of Edensor, which intruded on his view from his palatial pile. This is not

quite as despic as it might seem - he built a second Edensor for the displaced out of sight.

It was one of his ancestors who played a part in the Eyam heroics. The Earl of Devonshire, at the time of the plague, arranged at his own expense for food and medicine to be taken to the parish boundary of Eyam and left at a dropping-off place.

I do not subscribe to the cynical view that it was a small price to pay for his own immunity. I like to believe he did it, like the villagers of Eyam seem to, out of Christian duty.

The Royal Oak, Townhead, Eyam via Sheffield, S30 1RE. Tel: 01433-631390 does B&B for £20 per person. The beer in The Three Stags' Heads at Wardlow is brewed by Abbeydale.



Geoff Fuller: landlord and potter

Chris McCooey

PROPERTY

Canny buyers ride crest of the wave

Anne Spackman looks at the dangers facing first-time buyers

Like surfers, first-time buyers react to news of a big wave of house price increases by rushing to catch the crest of the wave, rather than the more advantageous, calmer waters which precede it.

This year has been a classic example. Twentysomethings who just two years ago considered owner-occupation a waste of time have been catapulted into the property market by news of rocketing prices.

Fears of "missing the boat" have turned confirmed renters into buyers. As Gary Marsh of the Halifax puts it: "There is no doubt the first-time buyers are back."

Around 44 per cent of this year's mortgage lending has been to first-time buyers, according to the Council of Mortgage Lenders. With

cash buyers making up around 20 per cent of the market, this means first-time buyers will account for around one in three of this year's purchasers.

If, as expected, the number of housing transactions is around 1.4m this year, this means sales to first-time buyers will be at what Alan Holmans of Cambridge University considers their "normal" rate of 470,000 a year. In the early 1990s, the numbers were a lowly 400,000.

New buyers have had plenty of encouragement from the mortgage industry. The Halifax, Britain's biggest lender, has upped its mortgage lending ratio to 3.25 times salary for single applicants. Even the 100 per cent loan, which led to negative equity in the last recession, is again being offered occasionally.

Other banks are selling their products hard. Emma Smith, a first-time buyer in London, responded to a full-page Midland Bank advertisement in a women's magazine and received a smartly bound, comprehensive home-buyer's pack, followed by a phone call. She thought the marketing was very good, but opted to arrange her mortgage through a broker, who came up with better deals.

Are this generation of first-time buyers making a wise move? Nationally, the answer would appear to be yes - but not as wise as it would have been last year.

Outside the south-east of England, this year's first-time buyers have almost certainly made a wise move. Indeed, there is still time to make it now. Price rises have been modest or non-

existent in many UK regions. This is particularly true for the cheapest properties, which first-time buyers have traditionally bought.

The latest special report in the monthly survey by the Royal Institution of Chartered Surveyors focuses on north-west England. In the last three months, around 50 per cent of agents there say the prices of large houses have increased and around 40 per cent say the same for bungalows and terraces. When it comes to flats, a majority of agents say prices are stable or falling.

First-time buyers - or, indeed, investors - can pick up small properties for low prices, but they have to be careful what they buy. Owners of the cheapest properties were hardest hit in the last recession. Today's buyer needs to choose a building and location which are able to withstand any future downturns in the property cycle.

And what of the first-time buyer in London? Those who completed their purchase a year ago will already be exclaiming the financial rewards of owner-occupation. Those who have bought more recently may worry that they have repeated the mistake of the last wave of first-timers in the late 1980s, buying at the top of the market.

Emma Smith, who works for the property company Savills, took that possibility into account when buying her first flat last month. "I felt it was very important to buy in a central location and to find a place where I could add value, because prices have already risen so much," she says.

She bought a two-bedroom flat in Fulham which required rewiring, roof repairs and redecoration. It cost her £140,000.

She had initially started house-hunting at the beginning of the year, but the

market was so hot she pulled out. "Properties were being snapped up before I got to see them," she says.

"When I started looking again in September, there were twice as many to choose from."

Steven Netherton was equally careful about choosing a property he felt would appreciate in value in

the long term. Newly graduated and looking for a new flat in London, he rejected most developments because they produced "characterless boxes" and opted for the Rialto conversion of Number One Prescott Street on the edge of the City.

He bought a two-bedroom flat on the sixth floor, with parking, for £180,000. "I had

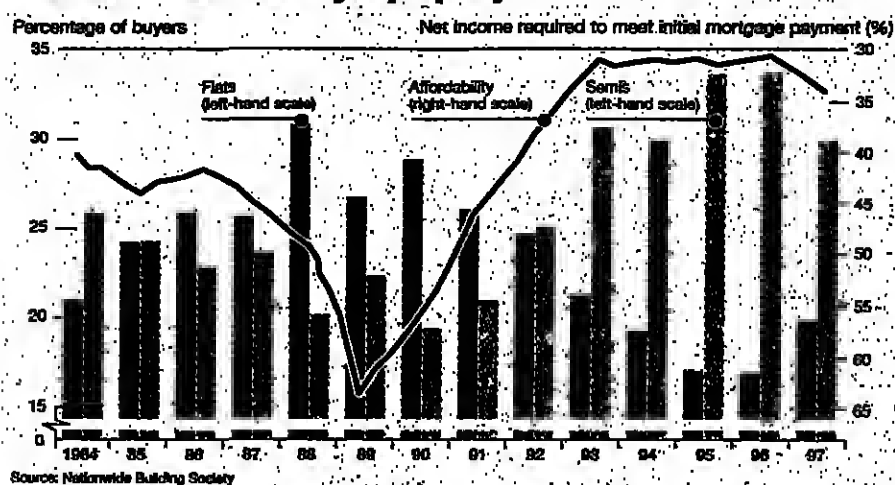
been renting for years and found it frustrating that the rent was dead money," he says. "I don't expect to see values go up like they did in the 1980s but I would hope to see some increase."

Should others follow suit? There would seem to be no hurry. Few voices are predicting another year of strong price rises in London.

Indeed, some feel prices in a few instances may fall.

What is more, the rental market is becoming far more tenant-friendly, with supply increasing fast and demand shrinking slightly. First-time buyers in London who wait a year or so may find some good rental deals. They may also find a few developers cutting prices.

Trends in first time buyer property

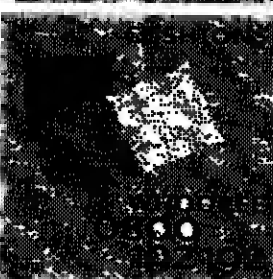
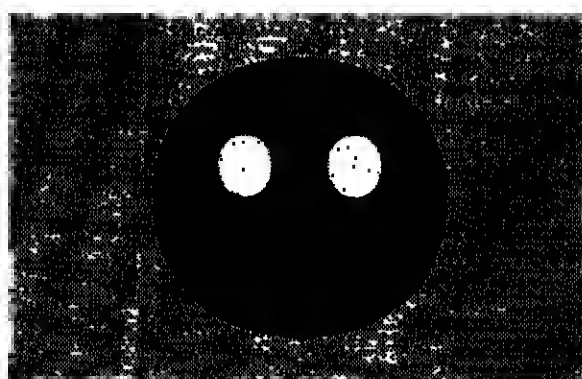


The Nationwide building society's first-time buyer affordability index dipped in 1997 for the first time in four years. Buyers who had previously needed to spend 30 per cent of their net income on their mortgage, found that figure rising towards 35 per cent.

However, compared with the heady days of the late 1980s, this is still very low. In 1989 first-time buyers had to spend nearer 65 per cent.

The chart reflects the decline in affordability in a second way, by showing a big shift from buying semi-detached houses to flats. Paul Sanderson, head of research at the Nationwide, says this trend is entirely due to price rises in London and the south-east forcing buyers in those areas downmarket. It is also reflected in the mix of new developments in London, where the proportion of one-bedroom flats and studios is rising.

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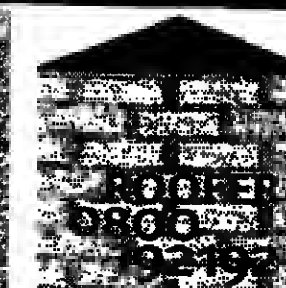
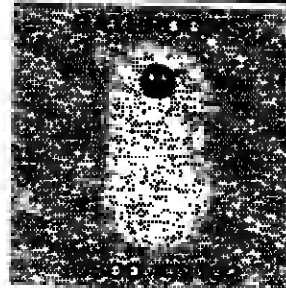
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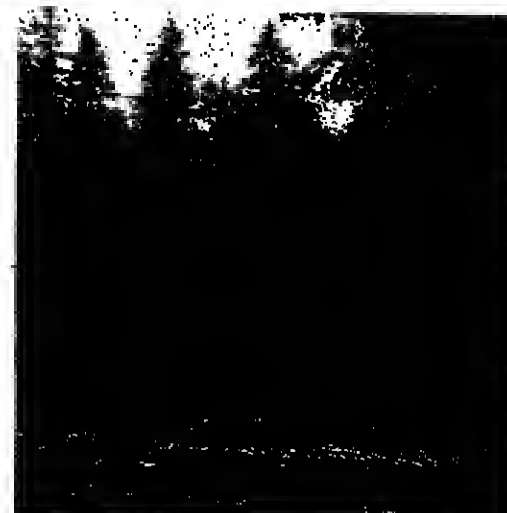


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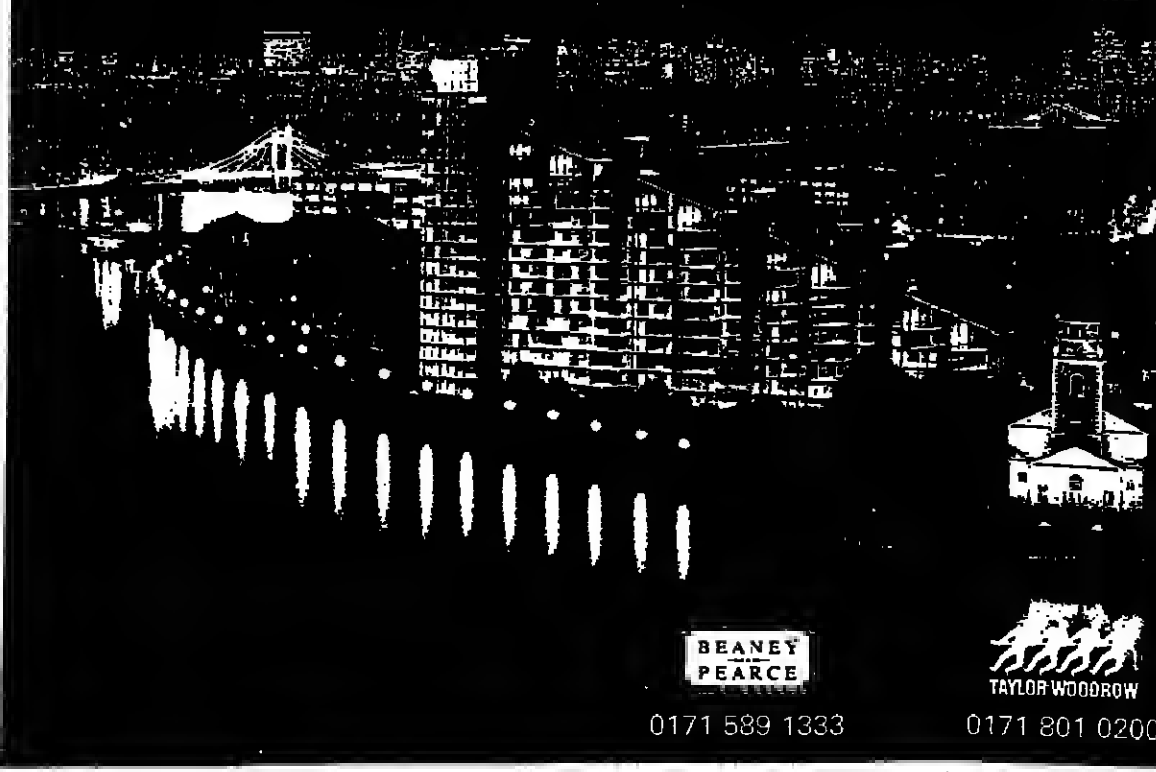
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PROPERTY

London Life

Where champagne socialism is at home

Gerald Cadogan visits Hampstead and finds remnants of a village

In the swirl of London life, the mention of a single word conjures up an image of intellectuals, actors, artists, writers and leftist politicians.

That word is Hampstead - and it implies money. Champagne socialism thrives there.

The heart of Hampstead is the old village lying between Finsbury and Finsbury Heath which centres on the High Street and Heath Street, at the south-west end of a ridge that runs round the north side of the Heath towards Highgate.

For a quick plunge into Hampstead life and history, walk along Church Row - one of the most elegant streets in London with a stunning assembly of Georgian houses - towards the parish church, and look through the railings on the right into the churchyard extension (opened in 1812).

There, facing the street, next to Kay Kendall, George du Maurier and Anton Walbrook lies Hugh Todd Naylor Gaiskell (1906-1983), former leader of the Labour party. The inscription *Fortitudo est integritas* recalls his epic campaign against Clause Four of the party's constitution.

The area buzzes. Actress Moira Fraser, who has lived in the same house for 43 years, explains: "On a summer afternoon it's more like being in St Tropez. People come to spend money in the expensive boutiques [names such as Nicole Farhi and Ronit Zilkha have shops there] and eat in one of the very expensive restaurants."

She adds that the residents do not like it very much. "When the weather's nice, you can't move."

But, if it rains, this is Hampstead tradition. It has long been a place for a day



Converted 2 Trinity Close, once part of a Presbyterian church hall

out from the metropolis. In the 18th century there was even an attempt to turn it into a spa - hence street names such as Well Road and Flask Walk. And the Heath, which forms the horizon on all the streets running east, is still a place for people to go and play.

"When I first came, it really was a village with little shops," says Fraser. She remembers "the lovely grocer at the corner of the High Street. I used to know them all."

All the same, the heart of Hampstead retains far more of a village feel than most other parts of London that are villages until the city annexed them. There are still some small shops and the Everyman cinema, "which has been there for ever. It is not all gone," says Fraser.

And it still has a network of alleys, courtyards and lanes behind Heath Street and the High Street. "You can't change the lovely houses here, or the Heath," she continues. "And Hampstead has lots of interesting people, a terrific mixture. That has never changed."

It retains a sturdy independence. Its MP today is

the robust actress Glenda Jackson, and the many conservation groups and residents' associations are, as one estate agent says, "incredibly tenacious", proclaiming their forthright opinions in the excellent weekly newspaper, the Ham and High (Hampstead and Highgate Express).

The fresher air that comes from living on a hill in north London, and the detachment that comes from always looking down on central London, must strengthen these attitudes.

The Northern line underground rail service to Hampstead is a good way to arrive. Via the deepest lift in the Tube system, it is a pleasure to rise from below at the corner of Heath Street and the High Street - even if a parade of estate agents is the first thing you see across the road.

The agents do, however, give an indication of Hampstead's popularity, which goes back to the 18th century when there was enough money in the village to build handsome Georgian houses (many of which survive) and the impressive church of 1745-47.

But prices are high, partly

because residents like Hampstead so much that they see no reason to move, thereby limiting the supply of homes for sale. With the Heath at the end of the street, they feel no need to go to the country. "People hang on if they can," says Fraser, "and there are more young married people with small children. That was not the case in my day."

The Hampstead market has been "euphoric" for 12 months, rising by about 20 per cent, according to Noel De Keyser of Savills. "It has calmed down since the summer holidays," he added. And there is the chance to buy 18th century (and later) houses of any size from a cottage to an urban palace in Church Row.

Among Georgian houses, both Benham & Reeves and Savills are selling one in Heath Street, listed grade II and now arranged as a restaurant, for £295,000, and 4 Hampstead Square, near Christ Church, for £380,000.

On the way to that church, Hampsons offers the Victorian 1 Christchurch Hill for £295,000, and in the Vale of Health (an enclave projecting into the Heath) Hampsons and Keith Cardale Groves both offer Milton Cottage for £245,000.

Several agents list town houses of the 1960s and 1970s - not the happiest period in Hampstead's building history. An interesting conversion listed by Benham & Reeves, Day-Morris and Savills at £450,000 is 12 Trinity Close, part of the former Trinity Presbyterian Church hall of 1882. The church is demolished. In free-thinking Hampstead the needs of the spirit change.

Benham & Reeves, 0171-435 9822; Day-Morris, 0171-482 4232; Hampsons, 0171-794 8222; Keith Cardale Groves, 0171-483 4302; Savills, 0171-431 4944.



Designed by Erno Goldfinger, Teesdale in Surrey is for sale, price £1.35m

On the Move / Gerald Cadogan

A window on the past

Owners of listed buildings who need to see the details of their listings, but who are not sure where to look, now have an easy way.

Last month, the National Monuments Record, part of the Royal Commission on the Historical Monuments of England, started a Listed Buildings Information Service to provide details of any of the 450,000 listings in England.

Call 0171-208 8221 (or order through <http://www.rchme.gov.uk>) and the listings of up to three separate buildings will be sent the next working day. Estate agents, planners and architects are already eagerly using the service.

For those who need more data, perhaps on building types, or materials, or named architects, or the archaeology of a site - vital for developers - or the availability of air photographs, the NMR offers a three-day service for £25, plus VAT. If it is not an urgent inquiry, there is a free service taking 15 working days.

An alternative is to visit



No soil: an 1819 brick windmill at Oare, Kent - £185,000

the NMR in Swindon. It is an easy walk from the station and contains rich and surprising material on every part of the country. It was shown photographs of my own house in the snow of 1947.

It is helpful to give notice. Call 01793-414600.

Goldfinger's best The last private house designed by Modernist architect Erno Goldfinger

has come to market, and his widow Ursula thought it his best.

Teesdale, built in 1967 on Westwood Road at Windlesham in Surrey, sits in a glade on top of a hill in four acres of dense wood, and has fine views.

It is a long, low building of two distinct wings linked by a crescent-shaped conservatory. Goldfinger planned one wing for day use, and one for night.

The bedrooms and reception rooms all face south to catch maximum light - an important part of the Modernist creed - and passages and service rooms are on the north side. The view of sunset from the drawing room is spectacular.

The price for this rare house, which happens also to be next to Sunningdale golf course, is £1.35m from Foxtons (0171-516 7000).

Goldfinger is also known as the architect of the Elephant & Castle government offices, now being converted into flats.

His own house at 1939, 2 Willow Road in Hampstead, built in 1938, now belongs to the National Trust and is worth a visit to understand

his work and international Modernist milieu.

He was born in Budapest in 1902, studied in Paris and came to London in 1934.

Tall storeys

Two unusual tower houses are for sale in the south-east of England. At Oare, near Faversham in Kent, Cluttons Daniel Smith in Canterbury (01227-457441) offers a brick windmill built in 1819, with several of its old working parts intact - but not the sails.

A handsome building overlooking Faversham Creek, it is claimed to be the largest residential windmill in the county - there are three main rivals.

It has five floors. The tapering outline ensures that the living space becomes ever smaller as you go upstairs. The price is £185,000.

At Aldwick near Bognor Regis the converted Victorian water tower on the Craigwell Private Marine Estate is for sale for £250,000 from Jackson-Stops in Chichester (01243-786316) another impressive building in sturdy industrial brick.

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FOOD AND DRINK

Powerful, intense white Christmas

In the second half of her Christmas wine report, Jancis Robinson looks at everything but red and urges us to invest in 1996 whites

Tis the time to be jolly, inspired by fine fizz, sharpened by racy rieslings, and consoled by wines richer and more potent than we would normally puzzle.

Deals on champagne abound. While The Wine Society sharply undercuts both high street and super-market on Alfred Gratien champagne, top Tesco's boast Krug at around \$65 a bottle (almost exactly the same as independent merchants charge).

SPARKLING

Domaine de l'Aigle, \$7.95, L&S. A hand-crafted answer to champagne from the Pyrenean foothills around Linox. Very slightly hard but not horribly acid and attractively dry.

Green Point 1994 Australia \$11.49, widely available. Stern, rigorous, slightly austere but should develop well. This is one of the most reliable alternatives to champagne.

Hollick Sparkling Merlot 1994 Coonawarra \$12.62, L&W, \$12.99, Noel Young. A very odd way to treat Coonawarra Merlot but the dry, deep damson result is fascinating. The oddest wine I have tasted all year.

Cramant Grand Cru Blanc de Blancs, Guy Larnaudier \$15.60, Tanners (01743-234455). One of a fine range of growers' champagnes imported by this enterprising Shrewsbury merchant.

Gimmonet Blanc de Blancs \$15.99, Oddbins. Excellent value for a young but characterful premier cru grower's champagne: comes down to \$13.71 in Oddbins' wide-ranging "seven for six" (bottles) offer.

Vilmet champagnes from \$18.75. Gamblers of Nottingham (0115-811055). Consistently inspiring.

Alfred Gratien \$19.99 OFW, \$19.95, Sainsbury's, \$14.75, The Wine Society (01438-741177), members only. Very meaty and, certainly in the case of "The Society's Champagne", well aged.

Pommery 1990 \$19, Bibendum. Take advantage of this special Christmas offer but



this tart, sinewy wine will probably be at its best for millennium celebrations.

Ruinart 1990 \$25.99, Wine Rack. Bottoms Up. One of the bargains of the season. A fully mature champagne. Complex. The business but only limited quantities, alas.

Charles Heidsieck Mis en Cave 1994 \$21.99, 1993, \$23.99, 1992 \$25.99. Here's a dramatic illustration of what it costs to mature champagne, imbuing deeper flavours with every extra year.

A great idea (which would work even better on a reticent style like Bollinger's), if off-licence staff can get to grips with it.

Billecart Salmon 1989 \$25.95 L&S, \$29.99, Oddbins. Note that L&S has passed on the money it has saved by buying this fine champagne in France. Oddbins' price comes down to \$25.71 if you take "seven for six", but the L&S case rate is \$24.62.

white with a beginning, middle and an end.

L'Éclair Blanc, Cuvée de la Reine des Bois 1996 Dom de la Mordorée, \$9.95, L&S. Exciting, powerfully flavoured convincing blend of Marsanne, Viognier and Grenache Blanc with a bit more concentration than the St Martin white above.

Domaine Gaby Vieilles Vignes 1995 \$10, Bibendum. From Roussillon's star white winemakers an intense blend of Grenache Blanc, Macabeu and Carignan Blanc with smoky punch which should continue to acquire richness over the next two years.

Condrieu Les Terrasses du Palat 1996 Francois Villard, \$17.95, ABA. The most exciting Condrieu to have come my way. Germanic tension. Just as dramatic, but much richer is his Coteaux du Foncins at \$18.35.

Condrieu La Galopine 1995 Delas, \$18.80, Nicolas. Enormous. Suggestions of choux buns and marzipan but, just, enough acidity. For sybarites.

LOIRE
Gather ye 1996s while ye may. Sauvignons, Chenins and Melons (as in Muscadet)

KEY TO THE WINE CELLAR

ABA Adam Bascor Associates (0171-793 1902)
Ch Chateau
BBR Barry Bros & Rudd (0171-396 9800, 01295-323555)
Dom Domaine
HHC Haynes Harrison & Clark (01451-570885, 0171-259 0102)
L&S Lee & Sandemann, (SW10) 0171-376 4767, W8 0171-221 1982, SW13 0181-978 8943, see also last week's list
L&W Lay & Wheeler (01206-784448)
OFW Oddbins Fine Wine (HQ: 0181-944 4400)
OW O W Loeb (0171-628 7750)
La Res La Réserve London SW3 (0171-599 2020)
Clapton Cellars SW11 (0171-978 5801)
Heath Street Wine Co NW3 (0171-435 6845)
La Picoleur W2 (0171-402 6923)
Sdgrove Vin SW6 (0171-382 8534)

were all superlative and will tide you through the selling period for the drier 1997s nicely.

Muscadet Vieilles Vignes 1996 Yves Bretonnière, \$5.55, ABA. Explosive flavours of smoke and sauterkrant - rather like a Wachau Grüner Veltliner.

Montlouis Sec 1995, Clos de Cray, \$5.99, Majestic. Full, meaty, with a hint of almonds and lots of acid.

Sauvignon de St Bris 1996 \$5.75, Gallery Wines (01463-203785). Stunningly full and ripe for this often scrawny appellation, about to be renamed St Bris in a fit of anti-cepage political correctness.

hins. Pungent green fruits and lively follow-through. See also sweet wines.

BURGUNDY

White winemaking has not improved as markedly as red, but from a run of good vintages there are still fine wines aplenty, with those below top level comparing increasingly favourably in price with the best of the New World. Note relative prices of Chablis from independents and the rest.

Mâcon Davayé 1996 Dom des Deux Roches, \$5.99, Oddbins. Full, chewy and structured. Will improve, as the price has done by coming down by 21 since the summer.

Like that of the Pellé Sancerre above.

Mâcon Sautré 1996 Auvig, \$5.99, Waitrose. One month in oak, sleek, substantial, just the job.

Pouilly Vinzelles Taste-vins 1995 \$7.99, Majestic. A wine with a powerful punch. Montagny 1994 Ch de Cary Potet \$7.95, La Res. Looks worth 215 and tastes certainly worth \$3.

Bourgogne Blanc 1996 Verget, \$8.99, L&W. The tense and taut Verget style at an extremely good price. Said to be a blend of wine

from Puligny Montrachet and Meursault matured on the lees of smarter wine. It works.

St Romain, 1995 Jaffein \$8.99 Avarys (01275-811100). Fine, delicate, with well-judged oak for drinking over the next year or so.

Chablis 1996 Corinne Perchaud, OWL, \$9.01. Correct, pure, ready now.

Chablis Vieilles Vignes 1996 Olivier Savary, \$9.50, ABA. Rather pretentiously heavy bottle but truly a wine for the long term.

Chablis Beauregard 1994 Dom St Julien, \$9.95, Waitrose. A racy, absolutely correct example from Brocard.

Chablis Fourchaume 1995 Ch de Maligny, \$9.99, Thresher. Not steely and youthful like the 1994 but solid classic stuff for drinking now.

Chablis Côte de Lechet 1996 Damp, \$10.80, HHC. Excellent knife-edge steely Chablis for drinking in the next millennium.

Bourgogne Pinot Beurot 1995 Dom Thevenot-le-Brun, \$11.95, La Res. A curiosity, labelled with full Tastevinage pomp, made from Burgundy's own, distinctly skinny variation on the usually fat Pinot Gris. The shops also have a mature

1992 Bourgogne Blanc, a blend of Chardonnay and Pinot Beurot which is even better value at \$9.85.

Pernand Vergennes Les Vergennes 1995 Fery Meunier, \$12.53, OWL. Excellent intensity and promise from J J Confuron's winemaker.

1995 Meursaults from Dom Michel Bouzureau at BBR. Les Grands Charrons at \$18.60 could already give great pleasure, while the finer Genevrières at \$29.50 is for the future.

Meursault Goutte d'Or 1994 Garmou, \$21.74, OWL, also Uncorked (0171-638 5998) \$24.95. Deliciously savoury with quite restrained oak and slyly taut texture.

For a range of Lafon Meursaults, \$45 to \$150 a bottle, try Harvey Nichols on 0171-235 5250. L&W may have some Coche Dury.

ALSACE
Wonderfully versatile wines suitable for both the table and as aperitifs. 1996-97 an excellent trio.

Riesling Bollenberg, 1996 Haegelin, \$5.59 from \$6.49 Majestic. Fine and delicate. Hugel Tradition/Gentil 1996 \$5.65, Oddbins. Sainsbury's, \$4.95, Wine Society. Smoky, eloquent ambassador for Alsace. "The Society's" version of this blend is again the bargain.

Waitrose Alsace Gewurztraminer 1996 \$5.99. Full and savoury from the Beblenheim co-op. Very slightly lacking acid but not too overblown.

Tokay Pinot Gris 1995 Matern Haegelin et ses filles \$5.99, from \$7.99 Majestic. Off dry but lots of acid and great with food. Riesling 1993 Hugel \$5.49, Oddbins. Already quite mature with a steely dry finish. Good value.

Gewurztraminer Jubilee 1995 Hugel, \$14.49, OWL. Unusually intense, nervy and concentrated for this often rather tart grape. Very convincing.

Pinot Gris Cuvée Caroline 1995 Schoffl, \$11, BBR. Tangy lime syrup with texture.

Riesling Grand Cru 1995 Dom Mittnacht, \$12.50, BBR. Lots of terroir, and even evolution. Taut, powerful.

German wines make far more refreshing aperitifs than any but the best champagne. Nature has compensated German wine for its deep unfashionability with the most consistent string of good vintages imaginable.

Wines are getting drier and easier to appreciate with every year. Many serious bargains here. See also some extremely fine, racy Austrians at Bibendum and Noel Young Wines (01223-844741).

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FINANCIAL TIMES
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Serious wines – serious bargains

A series of fine vintages in Germany and Austria has produced some splendidly drinkable whites

GERMANIC

K Vineyards Riesling Kendermann \$4.99, Oddbins. Full, vigorous, almost New World style from the Rheingau.

Erdener Treppchen Riesling Kabinett 1986 \$4.99, Victoria Wine Cellars. Slightly

hard at the end but excellent value. Do not attempt with food. (Too light.)

Ockfener Beckstein Riesling 1996 Dr Wagner, \$5.45, Waitrose. Fully, fruitily, almost Australian.

Huxelrebe Spätlese 1996 Wittmann, \$5.99, Oddbins. Currant fruit, very lively, ready to drink in the late afternoon ideally.

Dr L Riesling QbA 1996 \$5.99, Waitrose. Lively, zippy off-dry. Lots of fruit. Yes! Vibrant, modern. The '96 for the same price at Thresher is nearly as exciting.

Serrig Berrenberg Riesling Kabinett 1995 \$5.99, Fullers. A reviving taste of spring in this delightfully open Saar wine.

Avelsbecher Hammerstein Riesling Auslese 1989 \$6.45, Waitrose. Much better value than the 1989 Kabinett. Majestic as selling, also from the Trier State Domain, at the equally ridiculously price of \$3.88. Fully mature Mosel - a rarity at this price.

Deidesheimer Leinbölle Riesling Kabinett Halbtrocken 1996 von Buhl \$5.99, Majestic. Masses of lively grapefruit character. Not at all sweet.

Armand Riesling Kabinett 1996 von Buhl, Pfalz, \$7.49, Oddbins. Voo Buhl is on a roll. Crystal clear flavours and no excess of sweetness in this deliciously racy aperitif. Just 10.5 per cent alcohol.

Niersteiner Pettenothal Riesling Kabinett 1994 Gunderloch, \$7.50, J&B. Seize any Gunderloch wine you can find. They are all exceptionally user-friendly.

Hoebeimer Hölle Riesling Kabinett 1995 Domdech-Werner, \$8.75, BBR. Full, smoky, off-dry wine that would make an even more evolved aperitif than the elderflower-scented Hoebeimer Riesling 1996.

Adnams are selling for \$8.55. The old Victoria Wine still has some delicate 1985 for about the same price.

Forster Jesuitengarten

SOUTH AFRICA

Lots of less stirring, not too much oak, some nicely balanced Chardonnays and attractively lean Sauvignons but many watery wines too. The South African Wine Centre (0171-224 1894) is a good source.

Jacobs Bush Vine Chateau Blanc, 1996, \$4.99, Fullers. Rich and ambitious, full of leesy flavour - not a million miles from Chardonnay in style, with less substance.

Springfield Estate Sauvignon Blanc Special Cuvée, 1997, Robertson, \$5.99, Waitrose, Bibendum, Sainsbury's and January. Off-dry, pungent, in the delicious style of Mulderbosch (John Armit Wines 0171-727 6846). Good value.

L'Avant Chardonnay 1996 Stellenbosch, \$7.99, South African Wine Centre Big, beefy and arresting; for immediate consumption.

Bouchard Finlayson Kaalmanstgat Chardonnay 1996, \$9.50, Waitrose, Bibendum. From one of the country's coolest vineyards near Hermanus, big fully ripe fruit in notably sweet, interesting form.

Klein Constantia Reserve Chardonnay 1995, \$10.49, Eldridge Pope (01305-258347). Cool, lean, restrained Chardonnay with lots of milky less character.

Hamilton Russell Chardonnay 1996, \$10.99, Avarys, OFW. Creamy, gulpable vintage that should continue to develop for another year or so. Some real subtlety.

Riesling Spätlese 1996, von Buhl, \$9.49, Oddbins. Wonderfully classic, explosive mixture of ripe berries, honey and delicacy. Sip this after dinner, in 2007 perhaps.

Schlossbuckelheimer Kupfergrube Riesling Kabinett 1993 Nahe State Domain, \$9.70, OWL. Terrible Prussian label but really exciting to taste. This off dry wine is powerful enough to serve with fish or salads and will age for years.

Jean Baptiste Kabinett 1996 Gooderlooeb \$9.99, Majestic. Great potential. Sleek with almost painful acidity. Limited stocks.

Webster Sonnenrühr Riesling Spätlese 1995 J J Prüm, \$16.50, J&B. The summit of Mosel, the aperitif. Already brachable but will improve for many years.

SPAIN
Sharp contrast between increasingly good versions of international styles and increasingly exported indigenous classics such as the lovely racy Galicians.

with a wide range of foods. The one of three excellent Galician whites in this price range imported by Adnams which sports the most dire label but the greatest potential.

ITALY

Most improved oldcomer. Cabarrato Barrigone 1996 \$5.49, Oddbins. It takes outsiders such as Kiwi Kym Milne to realise the full potential of widely planted, and therefore scorned, indigenous grapes such as this. Sicily's most planted. Lots of interest coaxed out of these hush vines, part barrel fermented and left on the lees. For Chardonnay lovers?

Pinot Bianco 1996 Drus \$6.25 ABA. Exciting zap from Friuli with the deep fruit of a good Alsace.

Avignonesi Il Marzocco 1993 Chardonnay di Toscana \$8.45, Waitrose Inner Cellar. Good value for such a creamy-sweet example. Not smooth but challenging and interesting.

Fonterea 1996 Fattoria dei Manzoni, \$15.95, L&S. A fascinating (and of course extremely well-dressed) addition to any dinner party. Tuscan blend of Viognier with twice as much Chardonnay (see below). The combination of sweet oak, Viognier scent and Chardonnay substance works.

CALIFORNIA
Viognier and Chardonnay are the darlings here, too, and work well when blended, as in Qupe's California version imported by Morris & Verdin and \$16 at Harvey Nichols, which has a fine, if expensive, California selection. M&S has a respectable Uruguayan blend at \$5.99 and Tesco sells a pale southern French version at \$4.99, complete with snowflakes that appears on the label when the bottle is cold enough.

the bottling looks increasingly good value. Fine effort.

Calera Central Coast Chardonnay 1996 \$10.95, Majestic, Bibendum. Very rich, almost dangerous, peachy taste of California. Drink soon. Calera's Viognier 1996, all 14.5 per cent alcohol of it, is even more dramatic, almost electric in its appeal. \$20 from Bibendum.

Edna Valley 1995 Paragon Chardonnay \$10.95, Waitrose Inner Cellar. Extremely full

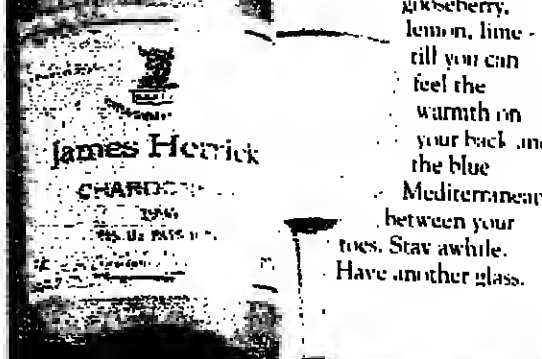
Continued on Page XIX

Just what you need for a Christmas break: Mediterranean sunshine.

There you are, feeling anything but Christmassy. Rain lashing down. Wind howling. Snow forecast. Then a friend hands you a glass of wine that shimmers in the firelight like sun on the water at St Tropez.

James Herrick Chardonnay may not sound Mediterranean but as you raise the glass there's a rush of citrus and spice like the Mistral in your face. Then follows a flavour-tour of the

South of France - wild thyme, vanilla, cloves, gooseberry, lemon, lime - till you can feel the warmth on your back and the blue Mediterranean between your toes. Stay awhile. Have another glass.

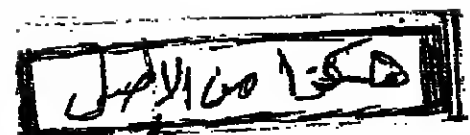


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FOOD AND DRINK

Appetisers
Conran
opens
another
venue

Among the new London restaurant openings is Conran's latest offering, Orrey. More intimate in style than his other properties, it is situated at 55 Marylebone High Street (tel: 0171-616 8000). Also in that part of the capital is Ibbis, a shop and restaurant specialising in south Italian and Sicilian food. It now operates from the former Villandry site at 88 Marylebone High Street (0171-224 3799) with the new, more spacious Villandry now situated at 170 Great Portland Street, W1 (0171-631 3131). Just north of Oxford Street, at 48 Blandford Street, La Spigheetta is serving formidable pizzas from its wood-burning oven (0171-486 7340). The second Liveatit has opened at 21 Wellington Street, Covent Garden (0171-836 7161). Next to the Lyceum Theatre, it is a must for fish-loving shoppers and theatre-goers. Also in the West End, former merchant banker Christopher Bodker has opened Circus at 1 Upper James Street (0171-534 4000), a sister restaurant to Avenue in St James's Street (0171-321 2111). For those with a passion for more spicy cooking, Chor Bizarro has opened at 16 Albemarle Street, Mayfair (0171-492 9802). Around the City, Nacho Martinez has taken over the stoves at Gaudi, 63 Clerkenwell Road, EC1, (0171-603 3202) and is cooking wonderfully authentic Spanish food. Tentazioni has opened at 2 Mill Street, Lloyds Wharf, SE1 (0171-237 1100) with a Venetian chef, Alessio Brusadin. Nicholas Lander

■ Veeraswamy is London's oldest Indian restaurant. It used to be known to millions who never changed its tables for the Sepoy on the door. It has changed hands and the Sepoy has apparently been sent



LEAVING JAMES ALONE WITH ROOT VEGETABLES WAS NOT ALWAYS SUCH A GOOD IDEA

If you like food and have a wacky sense of fun, then Glen Baxter's 'Gourmet Guide' (Bloomsbury, £12.95) may be the perfect present. Great jokes and drawings

into early retirement. Upstairs, but for an old wooden door, you would hardly know it was an Indian restaurant. A designer has been in, and the waiters and waitresses come from just about everywhere. The food has been given a face-lift too: chicken samosas with mint, excellent little puri, a Hyderabad lamb curry, minced quail balls like Scotch eggs, and wonderful banana kuli. It is a pity, however, that the recipes come from all over the geographical shop. Will no one isolate the regional cooking of the sub-continent? Goodish but expensive wines. Count on £30 a head.

Veeraswamy, 101 Regent Street, London W1; tel 0171-734 1401. Giles MacDonogh

■ In Crescent Road, Tunbridge Wells, Kent, Robin Hudson and Gerard Basset have opened their second Hotel du Vin & Bistro (tel 01892 526455, fax 512044).

As with their initial Winchester hotel (tel 01862-841414, fax 842458), the emphasis is on hearty cooking, a catholic range of wines by the glass and bottle and the use of wine memorabilia as interior design at every available opportunity.

The spacious bedrooms cost from £69 to £99 per night. NL

■ The new 1988 vintage of Louise is out with a new bottle and in new packaging. This top cuvée from the champagne house of Pommery is one of the most elegant wines of all: a pure chardonnay blend from the villages of Avize and Cramant and already showing that slight hazelnut aroma of great old blanc de blancs.

It costs £59.99 from branches of Majestic or it can be obtained by mail order from Bibendum (0171-916 7706) or Robertson (01703-316105) should be contacted for small quantities of earlier vintages, such as the lovely 1982. GMCD

Whisky

Mild-mannered lowlander

Giles MacDonogh looks at the character of Glenkinchie

History has been unkind to the Lowlands, at least so far as malt whisky distilleries are concerned. There used to be a couple of dozen of them. Now there are just two - Auchentoshan and Glenkinchie - although Blacknoch, formerly Scotland's most southerly set of stills, is due to reopen as a distillery museum and will fill the occasional cask of malt.

Edinburgh has always protected Glenkinchie, a large Victorian distillery which sits in a bowl in the Pentlands Hills. It started out as a farmhouse malt: local farmers used to supplement their incomes with a little illicit distilling and lugged earthenware jars filled with coarse spirit into Edinburgh to sell in the pubs.

These primitive distilleries were shut down in the first half of the last century, and in Glenkinchie's case, the farm was bought up by the Rate brothers who opened a modern distillery there in 1897.

It was still a farm, and it still is; the fields are now leased out. Until 1968 Glenkinchie had the distinction of distilling home-grown barley. Bankruptcy finished off the Rates, like so many who have tried to live by whisky. A consortium of Edinburgh businessmen built the present buildings in the 1880s together with a model village.

It was the time when grocers' proprietary blends were taking off, and once again there was thought to be gold in them there hills. Rare for a Scotch distillery, it was neatly built in brick and not stone. The handsome maltsheds are now listed and United Distillers may not change a thing.

This is a pretty part of East Lothian, and worth a detour. The distillery museum has been re-opened since my last visit and a lot of flashy audio-visuals and talking heads with beards have replaced the more homely chatter which once reigned.

The linchpin of the collection is still the huge distillery model, however, which was made in 1924 for the British Empire Exhibi-

FT reader whisky offer

The FT is pleased to be able to offer a special bottle of 1978 malt whisky for the festive season in conjunction with London wine merchants La Reserve. Highland Park on Orkney is Britain's northernmost distillery and consistently rated as one of the half-dozen or so best. The malt is still dried in peat-fired kilns. The FT recommended malt is an exclusive bottling at 46 per cent from a single refilled Jerez butt. The wood is too old to colour the spirit (it is notably pale), but it has given it an alluring fruity smell and a waxy taste. The attack is rich and sweet but the finish is hot and spicy, with a hint of peat. It is no fat and syrupy Speyside, but a powerful dram with bite, ideal for chasing away the winter blues. Inclusive of VAT, it costs £37.50 from La Reserve, 56 Walton Street, London SW5; tel 0171-589 2020. Add another £5 for delivery within the UK. Only one cask is available. Giles MacDonogh

tion. The detail is extraordinary: the little stills, backs and spirit safes were all made to order by the usual suppliers of such things.

Where many of the Lowland malts distilled three times like Irish whiskey (Auchentoshan near Glasgow still does this), I am assured that this was never

It is no thundering Zeus; rather more a pre-prandial glass

the case with Glenkinchie.

Something of the whisky's mild-mannered character might be derived from the gentle climate in these parts: it is slightly warmer in the 'garden of Scotland' than in Speyside, and zins drier. The bedrock is limestone and Glenkinchie is a hard water whisky without that soft lushness which distinguishes most Speysides; here the initial sweetness conceals a dry core.

That sweet/dry character is what Glenkinchie drinkers like most. It is no thundering Zeus of a whisky, rather more a pre-prandial glass than a post-meal calmer. It has a pleasant smell of lemon and beeswax and a soft touch of sherry which comes

from the large number of refilled butts in the warehouses.

In the old days the stills were heated by coal, rather than the flavoured peat. Coal is mined in East Lothian and there is no peat for miles around. If coal had dried the malted barley there would have been a little coal tar taste to the malt, not that has much to recommend it.

As I say, Glenkinchie's survival has had a lot to do with proximity to the Scottish capital. When United Distillers was on the lookout for a Lowland for its Classic Six range, Glenkinchie seemed to fit the bill so much better than other - often now greatly lamented - malts, because it was more physically presentable in its rural setting, and because it was only a short car or coach journey from the centre of town.

While I was there this autumn, there was a brief lull in the coachloads of Japanese visitors while the staff got busy packing up bottles for the Commonwealth ministers to take home with them after the conference; a present from the mayor. The red carpet was being hurriedly beaten for Robin Cook, the UK foreign secretary, another local boy, who was dropping in with a bead of state or two. It pays to have friends in high places.

■ Glenkinchie £22.99; UD has also released Blacknoch 10-year-old, and Rosebank 12-year-old as part of its Flora and Founa range. £30.49 from Milroy's, 0171-437 0893.

Continued from page XVIII

blown, macerated melons, even full-throated butter-scotch flavours - and why not? Reined in at the end by (just) enough acidity. Rutz Cellars Chardonnay 1993 Russian River £12.99. OFW. Spicy, liquorice, rich, almost Viognier-like. Talley Chardonnay 1994 Arroyo Grande, £14.99. OFW. Liquid butterscotch hint, miraculously, not flabby.

CHILE

The 1997 whites are, overall, a bit disappointing especially compared to the reds currently on sale. Perhaps a combination of young vines and high yields. Vina Casablanca White Label Chardonnay 1997 £5.49. Majestic, Oddbins. Casablanca grapes provide an odd limes, almost Sauvignon-like note. Attractive and racy. The barrel-fermented 1996 Casablanca Chardonnay from Oddbins at £8.49 stands up well in comparison to Errazuriz La Escultura Wild Ferment Chardonnay 1996 Casablanca, £8.99. Oddbins. Notably spicier and more interesting than the version made using cultured yeasts.

ARGENTINA

Who would have thought

it would be producing fancy Chardonnays so soon? Catena Agrelo Vineyard Chardonnay 1995 £7.99. Fullers, £8.95. Safeway, £9. Bibendum. Extraordinarily appetising for Argentina, and better value than the £20 Alta version. Made by Paul Hobbs from high altitude fruit with a delicate, Californian touch. Very slightly sweet but lasts extremely well in an open bottle.

AUSTRALIA

The Australian Wine Club (0800-862004) is a fine source of hand-picked specimens that differ from what has been the blowy, heavily oaked Chardonnay norm, although there is a general and welcome move to the country's cooler sites. Yarra Valley Hills Riesling 1996 Victoria, £6.99. Oddbins. Lively, appetising, with green fruit flavours. Basedow Barossa Chardonnay 1996, £7.49. Waitrose, Bibendum. Lemon flavours and satin texture. Frankland Estate Riesling 1996 £8.55. La Res, Noel Young. Delicate, dry racy version from a cool corner of Western Australia. Reynolds Chardonnay 1996 Upper Hunter £6.96. L&W. Full, marzipan flavours but not too big for its boots.

FORTIFIED WINES

Sherry is still undervalued. Oddbins Fine Wine is doing its best to breathe new life into this magnificent liquid. Vintage port is best bought from Majestic or J&B and B&B, even their own-label ports are splendid stuff. Do not overlook top quality madeira which lasts and lasts even in a stoppered open bottle. For a wide range of ancient liquors, back to a 1799 at £240, contact Patrick Smith Selections on 01893-340222. Red Wines on 01761-302245 start with Cornillon Secord, bottled 1993, at £25. Dry Dry Amontillado Sherry, £5.75. Waitrose. An undervalued classic from the past. The back is aromatic, spicy, vibrant but the pale ivory wine is delicate, described as medium but actually quite dry and definitely tart. Dabone Cordonero Fine Amontillado, £6.49. Oddbins. Pale, nutty, truly appetising palate-sharper. An aged fino. Hidalgo Manzanilla Pastana, £7.99. OFW. Extraordinary pale, delicate (just 15.5 per cent) single-vineyard story. More like a characterfully salty table wine than a sherry. Don Gonzalo Dry Oloroso Valdespino, £8.95. L&S. Absolutely low price for this delicate bottle of tangy history. Very pale and fascinating. Garesburg Fortified Shiraz 1995, £9.99. OFW. Great value. Full, rich, well balanced, 19 per cent of alcohol, and it really does taste like sweet, fortified Shiraz. Three Australians. Berytus Clos de Pouilles 1995, £10.99. OFW. Cheesy nose, slightly ashy, dry, rich, grappa sherry concentrate in the middle. Good with chocolate and 18 per cent alcohol. All in all, a rather fascinating wine.

Yarra Valley Hills Sauvignon Blanc 1996 Victoria, £8.99. Oddbins. Delicate, lively, one of Australia's best Sauvignons.

Julius Riesling 1996 Henschke Eden Valley, £9.97. L&W. A distinctly Australian style. Dry, characterful and perfect for all sorts of Mediterranean foods. Reminds me of Petaluma.

Rose Label Orange Vineyard 1995 Chardonnay, £12.99. M&S. Consistently impressive. From cooler vineyards, but the same luxurious winemaking as gives us Rosemount's Show Reserve 1995 Chardonnay at £9.99 from Waitrose and Safeway, Claxby. Giacomini Chardonnay 1996 Victoria, £26.99. Noel Young. A cult white.

NEW ZEALAND

A very mixed bag but more and more wines have

real character. Dry River's range from Martinborough is well worth seeking out from J&B and Noel Young, however expensive it seems.

Villa Maria Private Bin Sauvignon Blanc 1997, Marlborough, £8.49. Oddbins. Racy and reliable. Villa Maria is on a roll. The Cliford Bay version at £8.99 is worth the extra £2.50.

Mindhouse Sauvignon Blanc 1997 Marlborough, £7.15. ABA. Just what everyone wants from this combination.

Te Awa Farm Longlands Chardonnay 1996 £8.95. Fullers, £7.75. ABA. Unusual combination of New Zealand varve with fullness of fruit. Good value. Should keep going for two or three years.

Corbans Private Bin Chardonnay 1995 Gisborne, £9.99. Wine Rack, Bottoms Up. Lovely balance with lemony refinement.

Te Kairanga Reserve

Chardonnay 1995 £11.50. Bibendum. Savoury substance. A serious wine.

SWEET WINES

If you like botrytis, buy as much 1996 Loire and Burgundy wine as you can afford. If you go for sheer immediate appeal, stock up on middle Loire 1996s; they are irresistible, and Coteaux du Layon is almost a dead cert. Thank goodness the Australians negotiated an EC export treaty for their stickies. If only the Kiwis and Canadians (in ice wine land) would do the same.

Kirchheimer Schwarzerde Beerenauslese 1994 Zimmerman Graeff, £3.99. half (£7.50). Fullers, £4.35. Waitrose. Not fine but good value.

Coteaux du Layon Chateau 1996 Dom Cady £9.99. Oddbins. If you like appetising sweet wine then run, as they say, don't walk to your nearest Oddbins. This modestly labelled wine is one to wallop now.

Ch de Mayragnes Gaillac Doux 1996 £10.95. Madeleine Trehearn (0171-438 5310). Made by Alan and Laurence Geddes from very late picked Len de l'El grapes, although there is a certain Mauzac-like apple peel astringence.

Rymill Coonawarra Botrytised Gewurztraminer 1996 £5.99. half. Victoria Wine Cellars. Lots of noble rot character and not much Gewurz, which is surely the right way round. Beefy, sticky, tawny and good value.

Wellmaker Sonnenalp Riesling Auslese XX 1996 Karpfen £13.20. Tanners (01743-234500). Tastes more like a Beerenauslese. Very rich. Good acidity. Fine value.

Brown Bros Late Harvest Riesling 1996 King Valley, £8.99. half. Waitrose. Again, not much Riesling character but lots of lively, limey sweetness.

Coteaux du Layon Beaulieu, l'Anclais 1996 Ch Pierre-Bise £12.95. 50cl. L&S. Thrillingly successful with bright fruit and lots of tangy acidity, too. Wonderfully open and enjoyable already.

Ch Doisy Daine 1989 £23 (£12.75 half), BBR. Lots of noble rot and harmony. Very sweet.

Quarts de Chateau 1996 Domaine des Baumard, £12.95. half. La Res. Wonderfully open, gorgeously refreshing extra ripe Loire Chenin with so much tangy acidity it should keep for years and years.

Ch Filhot 1990 £14.99. half. Majestic. Full, rich, earthy. Torcolato 1995 Maculan, £18.99. Oddbins. Ultra

refreshing, citrus peel notes on a lovely round barley sugar base. Real tang.

Ch Cuvée La Gravière Monbazillac 1994 £15.95 for 50cl. L&S. Lea & Sandeman go to this property, which shares winemaking skills with Luc de Conti of Bergerac, before Robert Parker and saw prices rise 70 per cent over the summer. Nevertheless, the flavours of beeswax and dried apples and extra-smooth texture are irresistible. Farr Vintners

(0171-821 2000) offers the full range.

Ch Climens 1991 £28.50. Waitrose Inner Cellar. The Sauternes success of the vintage with lots of botrytis. Already open and enjoyable. Scheurebe TBA 1995 No 14. Alois Kracher £25.99 a half. Noel Young (01223-844741) and Bonvillier TBA 1995 Willi Opitz £28.61 a half T&W (01223-844744).

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SPORT

Sporting Profile

Football glory makes princes of the poor and downtrodden

Chrystia Freeland finds there is little to cheer about in Ukraine – apart from the rise and rise of Dynamo Kiev

Ukraine is not a country which has had a lot to cheer about. From marauding Tartar hordes, through Stalinist genocide, to the more modern tragedy of the Chernobyl nuclear accident, the Slavic state has been fate's whipping boy.

In Kiev today things are still tough: many workers have not been paid for months, the streets are dimly lit at night and some economists fear the country's fragile financial markets could be on the brink of collapse.

But, beset by problems old and new, at least Ukrainians have Dynamo Kiev, the country's top football club which has astounded pundits this year by emerging as one of Europe's strongest teams.

The Dynamo players have become national heroes: every time they score a goal, Ukraine's exhausted citizens give in to a slender thrill of hope that their country, too, will soon start racking up a few victories in its struggle to create a prosperous and independent state.

"I support Dynamo with all 100 per cent of my being," explains Vitaly Diachenko, a 25-year-old schoolteacher wearing a respectable but much-mended suit as he waits for a bus on Independence Square in central Kiev.

"In these tough economic times, when Dynamo flourishes they provide a moral stimulus, not just for me, but for everyone. They are a symbol of independent Ukraine, of the way we can survive our oppression."

Five years ago, the Dynamo club was already a national symbol – but a negative and depressing one. The nadir came in 1993, when club officials were accused of trying to bribe a referee and Fifa, football's governing body, punished the team with a draconian (but later softened) three-year ban on competition in European championships.

At the time, Dynamo's disgrace seemed to mirror the corruption and fecklessness in Ukraine generally.

Less than two years later, Dynamo have made a stunning comeback. This year, they have already been crowned champions of the former Soviet Union, beating traditional rival Moscow Spartak. More surprisingly, they have advanced to the quarter-finals of the European League of Champions, embarrassing the formidable Barcelona team on the way with 3-0 and 4-0 victories.

Dynamo's resurrection has become an irresistible morality tale for a nation battling to escape the economic and political doldrums. Valery Lobanovsky, the coach and former Dynamo player credited with the team's success, has become the most popular man in Ukraine, the subject of television documentaries which unflinchingly describe him as "God's emissary to Ukrainian football".

The team routinely draws a sell-out crowd of 100,000 to its shabby stadium when it hosts

European visitors in the Champions' League matches. The noisy stands hold most of the Ukrainian government; the president, the prime minister and almost all of his cabinet loyally turn out for every game. The prime minister doubles as head of the Ukrainian football association, and is probably more popular in his sporting role than his political one.

So popular are Dynamo with the Ukraine's leaders that much of the government's most pressing business is conducted at half-time.

"It's very convenient. All of the ministers are there, so they can easily bring a group together and reach an agreement in an informal setting," said Ihor Mitukov, the minister of finance, as his secretary brought him his tickets a few hours before a recent match.

The club is not the sole preserve of the powerful.

The players get a car – usually a Mercedes – and a luxury apartment the day they sign with the team

however. On match days, Dynamo's exploits make the front pages of newspapers and are the main items on television news. The streets of Kiev hum with little but talk of the team.

Asked about their obsession, ordinary Ukrainians are happy to explain. Serhiy, a middle-aged engineer, said: "I am not a football fan, but I love Dynamo. Why? Because they are Dynamo Kiev and not Dynamo Moscow. It is pride for my country."

Indeed, love for Dynamo is so strong that Ukraine's fledgling merchant class is prepared to offer incentives: when Dynamo hosted PSV Eindhoven in Kiev last month, a local electronics store promised a free sound system to the first Dynamo player to score. The shop already offers a 20 per cent discount on all its goods to Dynamo's 600 employees.

The Dynamo club has even inspired poetry, ranging from doggerel read out on Ukrainian radio on match days ("from the oldest, to the youngest, the whole world knows Dynamo is best, hurrah Ukraine!") to the declaration by one of Ukraine's top poets that "in Ukraine's national crest, Dynamo is the brightest diamond".

Even in Ukrainian, one of the most melodic of the Slavic languages, these poems are unlikely to win admirers beyond the most ardent Dynamo supporters.

What does impress outsiders is that Kiev has produced a European-class football team out of the rubble of the former Soviet Union.

One secret of Dynamo's success is the club's history. Ukraine has rarely been a happy place in the seven decades since the Kiev team was founded, but for much of that time, Dynamo has been a legend in its own land. Its proudest hour, according to local lore, was a horrific "Match of Death", in 1942, played when Kiev was under Nazi occupation.

Confident of Aryan supremacy, a German Luftwaffe team challenged what was left of pre-war Dynamo to a game. The Ukrainians won, but were all executed by the furious Germans. The Soviet government commemorated the players' patriotism with a statue outside the Dynamo stadium.

Revisionist historians today say the tale is an exaggeration, spun by Soviet propagandists. But the story remains part of the Dynamo mystique.

Myth doesn't pay the rent, though. For that, Dynamo depend on Ihor Surkis, the team's owner. Sporting the sharp suit, slicked-back hair and predatory manner of a Wall Street trader, Surkis is one of those who have amassed instant fortunes in the tough world of post-Soviet capitalism.

His commercial empire, which includes oil trading, a law firm and a television station, foots the bill for Dynamo Kiev. He has injected more than \$70m into the club since the novice Ukrainian leadership handed over the losing and bankrupt team to Surkis in 1993.

Thanks to Surkis, Dynamo footballers are princes in impoverished Kiev. They get a car – usually a Mercedes – and a luxury apartment the day they sign with the team. Some say they are also handed a cheque for \$150,000. Surkis refuses to talk about salaries but he admits each player received a bonus of more than \$20,000 after the Barcelona victories.

Surkis, who says the team's revenues only cover 10 per cent of its costs, claims he does it all for love of Dynamo and for love of Ukraine.

"In this ocean of difficulties in Ukraine today, my partners and I have been able to create an island of well-being," Surkis said, reclining on the vast leather sofa in his office. "Through the victories of Dynamo Kiev the young Ukrainian state is defining itself."

But some Ukrainians are sceptical. They allege that Surkis and his network of businesses benefit from various government perks granted on the strength of their Dynamo connection.

Some are also critical of the way in which Dynamo's popularity is being used to improve the image of the opposition Social-Democratic party, to which Surkis belongs.

"At the football games it is not clear whether you are at a football game or a Social-Democratic party rally," argues Victor Puzosnyk, a former cabinet minister who now spearheads one of Ukraine's leading reform parties.



Worse still, other critics fear that Dynamo's new role as a national rally-point is hardly benign. Instead of stimulating wider national success, they fear football is becoming the opium of the Ukrainian people.

"Football has become the national self-deception," warns Serhiy Holovaty, a former crusading justice minister and now a leading opposition politician. "It is like the Brezhnev era. Brezhnev appeased people with vodka. Now, in independent Ukraine, people are doing this with Dynamo Kiev."

As I sit waiting on match day for an interview with one of the government's top economic

ministers, it is easy to see what the sceptics mean. The main banter among the milling officials is of Dynamo; I hear one of them joke: "Well, we may not be very good at running an economy, but we Ukrainians sure are good at football."

And yet, on the spartan wooden seats of Dynamo's concrete barnacle of a stadium, it is hard not to be swept up by the local football fever. The arena is packed with everyone from *nouveaux riches* to blue-collar workers, still in their stained overalls.

Many fans have draped themselves in the blue and yellow banner which is Ukraine's national flag and by

the end of the match complete strangers are embracing. Even the police, in their intimidating greatcoats, abandon their posts to watch the game.

As a nation, Ukraine will live and die by the success of its economic and political reforms. But at least football offers proof that Ukrainians are not doomed to failure.

"Dynamo means everybody can say 'look, here is something that we can do exceptionally well, at a European standard'. After all, it's Ukrainian boys running around on the field out there," says Oleksandr Tkachenko, one of Ukraine's most popular television anchormen.

When they don their blue and white shirts, the Dynamo players understand that symbolism. "Our duty is to bring pride and joy back to Ukraine," explains Andriy Shevchenko, a talented young striker, who, like other club members, insists he will resist the lure of offers from wealthier western teams.

And, when the Champions' League quarter finals take place next spring, Dynamo Kiev fans will happily warn the rest of Europe to watch out: the footballers from Kiev will be fighting for more than their club.

They will be playing for the pride and self-respect of their entire nation.

Baseball

Field of bad dreams

With its popularity faltering, the sport is in danger of trading itself to death, says Jurek Martin

If money is the root of all evil, it could be the death of baseball. Never has a brief off-season done so much damage to the sport – whose attendance is flat and whose TV ratings are falling alarmingly – than this miserable and misbegotten November just gone.

Where to begin? Take Florida, where the Marlins are the World Series champions in only their fifth year of existence. They will surely not repeat their form next year. Traded away before the glow of victory even had a chance to fade are Moises Alou, the most productive hitter, Robb Nen, the successful reliever and Devon White, an outfield anchor. On the block are Gary Sheffield, a potential superstar, Kevin Brown, the best pitcher, and more besides.

The team is for sale, too. Owner Wayne Huizenga (of Blockbuster Video) has decided not to absorb another \$30m in losses. That is the targeted savings in the player house-
cleaning. Gone by the board are all the fine hopes of growing a baseball powerhouse in southern Florida, now the most popular

location for all sports franchises. Only if the Cuban national team defects wholesale can the dream persist.

Then there is poor, low-budget Montreal, where the over-achieving Expos perennially develop talent for a market they cannot afford to buy into. This year's fatted calf is the dazzling Pedro Martinez, voted best pitcher in the National League last season. He will be wearing a Boston Red Sox uniform next year.

Out in Seattle, the Mariners, a seriously good team, have put up for bids Randy Johnson, the most dominant left-handed pitcher of the day, while the New York Yankees could well lose Bernie Williams, the first class outfielder. Both are pending free agents and neither side

seems willing to pay the price (\$7m-\$10m a year) of keeping them.

And in Baltimore, a trivial sum (\$10,500) may well have deprived the Orioles of going back to where manager Davey Johnson had taken them for the past two years – into the playoffs for the first time since 1983.

This amount is what Johnson fined second baseman Roberto ("I spit on your umpire") Alomar for skipping an exhibition game and a team meeting ordering him to give the money to a charity for disabled children for which Mrs Susan Johnson raises money.

It was also the prettiest owner Peter Angelos needed to fire Johnson, on the very day he was voted manager of the year in the

American League by his peers. It may be that Johnson, who can be abrasive, paid insufficient deference to the autocratic Angelos, whose successful law firm has no

Gone are the fine hopes of growing a baseball powerhouse in Florida

partners other than himself and who is going through managers – three in four years – at a faster rate than even the New York Yankees.

He fired Jon Miller, witty and

knowledgeable broadcaster of O's games, for occasionally being irreverent.

The sadness is that Johnson and his successor, pitching coach Ray Miller, made a formidable team as the strategist who finds ways to win and the technician who understands what makes pitchers better.

Dave Dombrowski, general manager of the Marlins, was disarming frank in an interview with Sports Illustrated. "Other than for a handful of [rich] teams, it's like the game changes on a year-to-year basis now. One year you might be trying to win and the next year you might be trying to move contracts."

This is not exactly the way to woo fans into the stadium or even to sit in front of their TVs. If baseball needed a warning, it

was provided by Don Ohlmeyer, head of NBC TV, who said on the eve of the Florida-Cleveland World Series that he hoped it lasted only four games so the network could go back to sitcoms and cop shows (it went the full seven, all but the last two poorly played, and the ratings were bad).

Attempts to reshuffle baseball's six divisions to create more regional rivalries were all but abandoned. Inter-league play, a modest box office success last season, will continue but with players changing teams so frequently there is no guarantee that last year's marquee matchups (Baltimore against Atlanta, for example) will be worth the price of admission next season.

This situation could always be

blamed on El Niño. But other factors are maybe relevant – player free agency, avaricious agents and greedy players, autocratic and secretive owners with limited horizons and the continued absence of a commissioner of baseball capable of knocking heads together, not least in arranging effective revenue sharing between rich and poor teams.

Baseball ought to remember that the best thing that happened to it in the 1990s was Orelle Cal Ripken's mammoth streak of successive games, followed by the on-field excellence of performers like Ken Griffey Jr in Seattle, Greg Maddux in Atlanta and Mike Piazza in Los Angeles. It is surely relevant that, of them, only Maddux previously played for another side and that was many years ago.

Robb Nen, the Marlins pitcher, was distraught about being shipped to San Francisco, saying he wanted to stay and help prove to Floridians that the World Series was no flash in the pan. But the pan now only matters in the hunt for gold.

INTERNATIONAL ARTS GUIDE

What's on around the world

■ AMSTERDAM

EXHIBITIONS

Rijksmuseum

Tel: 31-20-673 2121

● Medieval illustrated histories: the Hausbuch and its Master. Drawings, prints and a panel painting by the Master of the Amsterdam Cabinet, including the 64 sheets of the Hausbuch, illustrating court life in the late Middle Ages. The book has temporarily been taken apart, providing this first and last opportunity to view it in this way; to Jan 18

● On Country Roads and Fields: tracing the development of Dutch landscape painting through the 18th and 19th centuries, this exhibition starts with the idealised visions of De Moucheron and Van Huysum, includes examples of The Hague School post-1860, and concludes with turn-of-the-century works by Van Gogh and Mondrian; to Mar 3

Stedelijk Museum

Tel: 31-20-5732911

www.stedelijk.nl

● Gabriel Orozco: Recordings and Drawings. Display of recent video works by the Mexican artist, filmed in New York and Amsterdam; to Dec 14

● Malevich: Works on Paper from the Khardzhiev Collection. Exhibited for the first time. 79 drawings in pencil, chalk, gouache, ink and watercolours, spanning almost the whole of the Russian avant-garde artist's career. Until Khardzhiev's death in 1966 his collection was not made available for public display; to Jan 25

Van Gogh Museum

Tel: 31-20-570 5200

● Augusta Præulitz (1809-1879) Romanticism in Bronze. 75 sculptures and medallions by the nonconformist whose works, during his lifetime, were regularly rejected by the Salon jury. This display includes the most important works, produced during the 1830s and 1840s: Slaughter, Ophelia and Silence; to Jan 11

OPERA

Netherlands Opera, Het

Muziektheater

Tel: 31-20-551 8911

● Dialogues des Carmélites: by Poulenc. New production conducted by Yves Abel in a staging by Robert Carsen. Cast includes Joan Rodgers and Sheri Greenawald; Dec 13, 16, 19

■ BARCELONA

EXHIBITIONS

Fundació "la Caixa"

Tel: 34-93-207 7475

● Madrid-Barcelona, 1930-1936: brings together a group of around 100 avant-garde works from the period of the Second Republic, before the Civil War. Includes paintings and sculptures by Picasso, Miró and Dalí, along with photographs, posters and films; to Dec 21

● Rembrandt: The Human and the Natural Landscape. 91 etchings from the Rembrandt House Museum in Amsterdam. The exhibition will transfer to Madrid; to Jan 11

Fundació Joan Miró

Tel: 34-93-329 1908

www.bcn.fjmiró.es

● Alexander Calder: centenary celebration of work by the maker of mobiles. The show focuses on his close relationship with Miró; to Feb 15

■ BERLIN

CONCERTS

Deutsche Oper

Tel: 49-30-34384-01

● Carmina Burana: by Orff. Conducted by Rafael Frühbeck de Burgos. With the Clemencic Consort conducted by René Clemencic; Dec 14, 16, 19

Philharmonie

Tel: 49-30-2548 8354

● Berlin Philharmonic Orchestra: conducted by Claudio Abbado in works by Wagner, Schumann and Beethoven; Dec 13, 14

● Berlin Philharmonic Orchestra: conducted by Daniel Barenboim in works by Mendelssohn, Rihm and Bruckner; Dec 19

DANCE

Deutsche Oper

Tel: 49-30-34384-01

● Deutsche Oper Ballet: premiere of Rosalinde, choreographed by Ronald Hynd to music by J. Strauss; Dec 17

OPERA

Deutsche Oper

Tel: 49-30-34384-01

● Hänsel und Gretel: by Humperdinck. Premiere conducted by Olaf Henzold (Dec/Sebastian Lang-Leising (Jan) in a staging by Andreas Homoki; Dec 13, 18

■ EDINBURGH

EXHIBITIONS

National Gallery of Scotland

Tel: 44-131-624 6200

● Discovering the Italian Baroque: The Denis Mahon Collection. Consisting of 17th and 18th century Italian paintings by Guercino, Guido Reni and Domenichino, among others, collected by Mahon since the 1930s. The exhibition was in London until May; to Feb 15

Scottish National Gallery of Modern Art

Tel: 44-131-624 6200

● Correspondences: transferring from the Martin-Gropius-Bau, Berlin, a selection of works by six young Scottish and six young German artists. Organised as an exchange, the display includes painting, sculpture, video and light projections; to Feb 1

■ FRANKFURT

EXHIBITIONS



The Mother of God of Smolensk with scenes from lives of Joachim, Anna and the Mother of God: icons from Moscow in Frankfurt

Schirn Kunsthalle

Tel: 49-69-299 8820

● Holy Russia: Icons and the Rise of Moscow 1400-1600. 50 rarely exhibited icons lent by Russian museums are the centrepiece of this exhibition, which also includes 16 manuscripts. The period was a crucial one, which marked the rise of Moscow as a principality ruled by powerful Tsars. Its architecture and art reflect this shift, and illustrate a remarkable synthesis of Renaissance ideas with traditional Byzantine forms. To Mar 1, after which the exhibition will travel to London; to Mar 1

■ LONDON

CONCERTS

Barbican Hall

Tel: 44-171-638 8891

● London Symphony Orchestra: conducted by Tadaaki Otaka in works by Rachmaninov. With Laila Ove Andriess in Piano Concerto No. 3; Dec 18

Royal Festival Hall

Tel: 44-171-9288800

● The Royal Opera: Elisabetta, by Donizetti. Concert performance, conducted by Carlo Rizzi; Dec 18

EXHIBITIONS

Barbican Centre

Tel: 44-171-638 8891

● Don McCullin - Sleeping With Ghosts: retrospective of work by the photo-journalist which spans his career from 1958 to the present. Includes prints drawn from major stories he covered for The Observer and the Sunday Times, and more recent still life and landscape; to Dec 14

● James Ensor 1860-1949: more than 140 works by Belgium's foremost expressionist artist. Includes early studies of Ostend, portraits of the artist's family and friends, the visionary drawings of the 1880s and the carnival paintings for which he is best known; to Dec 14

British Museum

Tel: 44-171-638 1555

● Arts of Korea: overview of Korean art and archaeology ranging from the Neolithic period to the 19th century. Exhibits include a royal gold crown from the Silla kingdom, early Buddhist manuscripts, Koryo ceramics and 18th century landscapes. The exhibition is scheduled to run until 2000, when it will be replaced by a new, permanent Korean Gallery; to Dec 30

● Hogarth and His Times: Serious Comedy. Selection of prints and an exploration of different historical approaches to them; to Jan 4

Hayward Gallery

Tel: 44-171-261 0127

● Making & Meaning: Holbein's Ambassadors. This recently cleaned double portrait by Hans Holbein the Younger pictures two French ambassadors to the court of Henry VIII in 1533. Presented alongside are drawings and miniatures, and objects relevant to the painting's political and

religious background; to Feb 1

National Portrait Gallery

Tel: 44-171-3069055

● Bruce Weber: first major museum retrospective devoted to Weber's portraits, this show includes some 200 prints, of subjects ranging from young Hollywood stars to the Duchess of Devonshire; to Feb 15

● Sir Henry Raeburn (1756-1823): previously seen in Edinburgh, this exhibition of some 60 paintings includes the major portraits belonging to the National Gallery of Scotland as well as loans from abroad; to Feb 1

Royal Academy of Arts

Tel: 44-171-439 7438

● Sensation: Young British Artists from The Saatchi Collection. Showcase of works by some 40 artists including Damien Hirst, Marc Quinn, Mark Wallinger and Rachel Whiteread; to Dec 28

● Victorian Fairy Painting: exploring the fascination with fairies and the supernatural which took hold of artists and writers in Britain from the early 19th century to the outbreak of the first world war. The display includes designs for the theatre, where the Shakespearean revival played an important role in rekindling interest in fairies. Artists represented include Turner, Landseer, and Richard Dadd, who ended his life in Bedlam after murdering his father. The exhibition will travel to the US next year; to Feb 8

Tate Gallery

Tel: 44-171-887 8000

● The Age of Rossetti, Burne-Jones and Watts: Symbolism in Britain 1860-1910. Works by British artists including the pre-Raphaelites Rossetti and Burne-Jones are presented alongside those of European contemporaries such as Redon and Moreau. The show aims to demonstrate the powerful influence of Symbolism on British artists; to Jan 4

● The Turner Prize 1997: display of works by each of the nominees on this year's all-woman shortlist: Christine Borland, Angela Bulloch, Cornelia Parker and Gillian Wearing; to Jan 18

Victoria and Albert Museum

Tel: 44-171-936 8500

● Zuloaga: Spanish Treasures from the Khalil Collection. First major exhibition devoted to the 19th century Spanish metalworker and his contemporaries. Born into a family of Royal Armourers, Zuloaga became a master of the art of damascening. The 40 works are displayed in the recently refurbished Silver Galleries; to Jan 11

OPERA

Shakespeare Theatre

Tel: 44-171-379 5399

● The Royal Opera: Paul Bunyan, by Britten. New production staged by Francesca Zambello and conducted by Richard Hickox; Dec 13, 15, 17

THEATRE

Lyric Theatre, Shakespeare Avenue

Tel: 44-171-494 5045

● Cyrano de Bergerac: by Edmond Rostand, translated and adapted by Anthony Burgess. West End transfer of the RSC production, starring Antony Sher and directed by Gregory Doran; to May 30

■ LOS ANGELES

CONCERTS

Dorothy Chandler Pavilion

Tel: 1-213-365 3500

● Los Angeles Philharmonic: conducted by Esa-Pekka Salonen in works by Ravel, Britten and Debussy. With soprano Sylvia McNair and the Los Angeles Master Chorale; Dec 13, 14

● Los Angeles Philharmonic: conducted by Esa-Pekka Salonen in works by Beethoven, John Williams and Nielsen. With violin soloist Alexander Treger; Dec 18

EXHIBITIONS

Museum of Contemporary Art

Tel: 1-213-626 6222

● Cindy Sherman: retrospective tracing the New York-based artist's development from the 1970s to the present. Consisting of 156 works, this show presents selections from each of her series, including Untitled Film Stills (1977-80), Centrefolds (1981) and Fairy Tales (1985). The exhibition will travel to Chicago, Prague, London, Bordeaux, Sydney and Toronto; to Feb 1

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Weekend Investor

Wall Street

The day that Oracle lost the plot

There was the small matter of \$9.3bn, too, as John Authers reports

Not many people have the chance to lose a few billion dollars in one day. So perhaps Larry Ellison, founder and chief executive of Oracle, the world's second largest software company, should not be too unhappy about his unfortunate experience on Tuesday.

Oracle announced results below expectations, without having made any attempt to soften the market for the blow, and admitted candidly that the stricken Asian economies probably would keep earnings below the level for which the company had hoped next year. The result: Oracle's stock dropped 29 per cent in one day, down \$9.3bn, cutting about \$9.3bn off its total market capitalisation.

More than 170m Oracle shares changed hands on Tuesday, a record daily volume for any US company on any stock exchange.

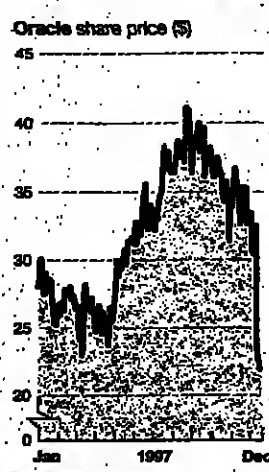
This set the tone for a torrid week on Wall Street, with each day bringing fresh evidence that the Asian crisis is imposing a serious drag on American companies' profits. Other companies in a growing roll call included J.P. Morgan, the greatest trading bank of them all, which said its fourth quarter profits would be under previous estimates due to "unsettled" global markets and saw its shares drop about 4 per cent; Corning, which cancelled a joint venture because of worries about the Asian situation; and Hilton Hotels and Reebok, the shoe manufacturer, both of which warned on profits.

Equity markets were hit, with the Dow Jones Industrial Average forced back down below the \$5,000 level. It is now trading about 400 points, or roughly 5 per cent, below the record high set more than four months ago.

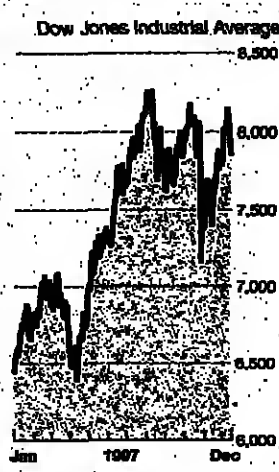
Significantly, the worst affected sectors have been the stars of the bull market of the past three years. High-tech companies followed Oracle into free fall for much of the week and the Nasdaq Composite index, which traces most of them, had a truly horrid week, starting at 1633.90 and reaching 1530 by mid-morning yesterday.

Banks and financial services have provided the other engine for the stock

What the Oracle revealed



Source: DataStream/ICI



Source: DataStream/ICI

market's advance, as Wall Streeters know to their profit, but this sector also has taken a pounding in the past week, thanks mainly to J.P. Morgan's announcement. International banks, in particular, were hammered as investors realised that optimistic profit projections had been predicated largely on continuing strong growth from Asia.

A note by a banking analyst downgrading the entire sector to "market perform", and suggesting that recent merger prices had been excessive, did nothing to help. Citicorp's week was typical of the sector, slipping \$9.75 to \$132 in two days.

Asia's effect is still ambiguous, though. Some analysts suggest that the situation there remains merely a financial crisis, not an economic one. Some say the region's troubles are good for the US because of a "flight to quality". Still others suspect that companies are using the crisis as an excuse for pre-announcing disappointing earnings.

James Grant, publisher of Grant's Interest Rate Observer and a well known bearish commentator, even suggested that Wall Street strategists estimated Asia's impact on the US economy by "starting with their year-end bonuses and arguing backwards".

Whatever the case, Wall Street seems quietly to be slipping into bear market mode, in spite of the huge bonuses which financiers up and down Manhattan are now receiving.

Private investors also

seem to be moderating their expectations. Mutual fund companies have moved into full throttle urging small investors to pile into bonds. Last month, bond funds registered their best net sales since the first month of 1994, on the eve of a savage bond market. Equity funds, meanwhile, took in \$13.5bn, their lowest since March this year.

While "flight to quality" arguments seem strained when applied to equities, they plainly have validity for the treasury market. Nobody expects the Federal Reserve to tighten monetary policy any time soon, and the market continues to benefit from overseas buyers. As a result, the yield on the 30-year Treasury long bond dipped back below 6 per cent on Thursday, and stayed there.

So long as the long bond stays at this kind of level, there is little compulsion to sell equities. But the enthusiasm for bonds in Wall Street at the moment underlines the lack of confidence in the broader equity market.

Treasury investors will not take the kind of hit Ellison took on Tuesday but, if it makes sense to pile into bonds at such low interest rates, mutual fund companies are admitting that the equity market does not look promising.

Dow Jones Ind Average	
Monday	8110.84 - 38.29
Tuesday	8049.08 - 61.18
Wednesday	7978.79 - 70.87
Thursday	7949.99 - 129.90
Friday	

London

Rough ride for the share train

Philip Coggan sees stocks hit the buffers again

Cancel that round-the-world cruise. Put the champagne back in the fridge. Just when it seemed like share prices were racing towards Christmas like a runaway train, the stock market hit the buffers.

After a week when investors had been able to rejoice in the domestic factors of takeovers and share buybacks, the market's attention was wrenched back to the problems of Asia. The \$55bn International Monetary Fund bail-out package for South Korea failed to induce stability in the nation's currency or its stock market and its problems caused sell-offs in other Asian currencies and stock markets.

They also revived fears in the rest of the world on two counts; that a financial meltdown in Asia would affect the world banking system, and that the region's economic crisis would hit corporate earnings.

The latter problem was highlighted during the week by Oracle, the US software group, which warned of disappointing earnings in the light of Asia's problems. That statement prompted a sell-off in the technology sector, and on Wall Street generally, during the week.

Next week's meeting of the Federal Reserve open market committee seems likely to be the final test for the market this year. The Fed might be tempted to raise rates if purely domestic economic conditions were the sole consideration, but many analysts think the Asian turmoil will prompt US central banks to leave things unchanged.

The international background weighed heavily on London. The FTSE 100 index, having regained the 5,000 level triumphantly last week, dipped briefly below it on Thursday.

Although it recovered

from the worst, it was still 97.7 points, or 1.9 per cent, down on the week.

There were a few small-scale takeovers to keep investors happy - notably, an approach for Christie's International, the auction house, and for Triplex Lloyd, the specialist castings group - but nothing of sufficient scale to move the overall market.

The economic data of the week pointed to the mixed effect of sterling's strength on the economy. On the positive side, a stronger pound lowered the cost of raw materials bought from abroad - as a result, producer input prices in November were 8.3 per cent lower than a year ago.

There was, though, a surprising 0.2 per cent fall in manufacturing output in October, which might indicate that business is struggling to cope with the exchange rate. And a Confederation of British Industries



The stock market was behaving like a runaway train. Nigel Colverson

survey, while reporting a slight uptick in orders, showed a dip in output expectations.

The high street boom, which was fuelled by the summer's building society windfalls, seems to be faltering. A British Retail Consortium survey showed that the annual rate of sales growth in November was just 1.1 per cent, compared with 5 per cent in October. And a trading update from Kingfisher showed that sales growth had slowed sharply at Comet, its electrical goods chain.

It is necessary to be cautious about one month's figures, though; November was warmer than normal, delaying winter clothing purchases, and the Christmas shopping season seems to be getting later and later, perhaps because buyers have learnt to look for last-minute price reductions.

Nonetheless, those warning of an economic slowdown in 1998 felt vindicated. "There is no need for higher interest rates," said Robin Aspinall of National Australia Bank. "But it would be dangerous to be optimistic to think that the monetary policy committee has heard that message."

"On the contrary, since Christmas is still likely to see the final fling of the consumer boomlet, there is more than a chance that they have saved up the next rate rise as a response to December's data. And that means that next year's slowdown will be all the more severe."

An economic slowdown

would, of course, undermine one of the main pillars of the bull market: corporate earnings growth. But Ian Scott, UK strategist at Lehman Brothers, thinks earnings would have to be very disappointing indeed to upset the valuation case for equities.

Scott uses the relationship between the earnings yield (roughly the inverse of the price-earnings ratio) and the bond yield to judge the attractiveness of equities. "To bring this valuation back to neutral, the level of forward earnings would need to disappoint by 15 per cent relative to the consensus. If you believe the consensus, equities are cheap and should outperform bonds comfortably next year."

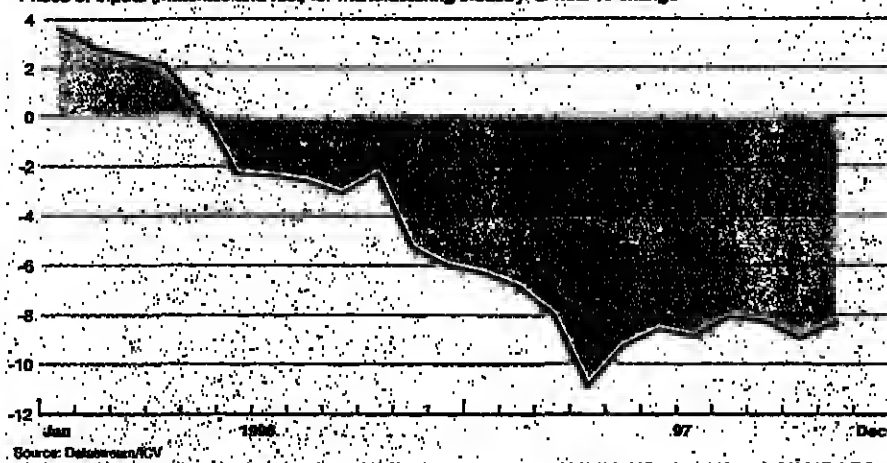
Yet, at a time when the markets seem to be whizzing all over the place, it seems only appropriate to end with comments from those who study the charts. The technical analysts at Branstion & Gothard think the 5,250 level is crucial for Footsie. "Once the overbought state of the market is unwound, we would not be surprised to see the expected year-end rally testing this level," they say.

"Surprisingly, firm UK gilt and US Treasury bond prices must underpin the market. If, however, further worries over rising US interest rates, or weakening far eastern markets, upset the apple cart, then the 4,880-4,980 band is indicated as a probable area for consolidation."

philip.coggan@ft.com

Raw material costs under control

Prices of inputs (metals and fuel) for manufacturing industry, annual % change



Source: DataStream/ICI

Highlights of the week

	Price	Change	52-week	52-week
			High	Low
FTSE 100 index	5046.2	-97.1	5350.0	4972.4
American	487	-1.3	500	243.6
Avis Europe	172.5	+1.4	174	124
Bentley Development	228.5	-18%	291.1	221
Cain Energy	300	+50%	323.6	220
Charles Ind	117.5	-1.4	149.5	99
HSBC (75p)	1590	-135	2360.4	1218
Indecore	199	+10%	246	180
LucasVarley	995	-126	1121	540
Reuter	648	-9%	781	556%
Sellaway	344	+19	307	307
Standard Chartered	108.5	-59	168.5	62.2
Willis Corroon	141.5	-1.6%	164.4	115.6

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FINANCIAL TIMES
Financial Publishing

Barry Riley

Talking dollars and sense

The US is riding high now. But nothing lasts forever



Nothing in financial markets is more impressive or frightening than a currency in free fall. We have seen it happen with the Korean won this week as it collapsed to 1,710 to the dollar in spite of the IMF rescue package last weekend. That makes a fall of 40 per cent in a month, and a total of 51 per cent since the beginning of the year.

It has turned out to be a triumphant year for the dollar, although not for my own forecasting reputation. I suggested in my new year column that the American currency might turn out to be rather weak. In fact, the dollar has appreciated this year by 12 to 16 per cent against the major industrial currencies such as the mark and the yen, and by more than 30 per cent against several Asian currencies besides the won. Meanwhile, it has risen by 30 per cent against gold.

Only a few countries have resisted the greenback's upward progress: it is up by just 9 per cent against sterling, while one or two fixed currency pegs such as those of Hong Kong and Argentina - are still holding. China's tightly-controlled exchange rate for the yuan remains fixed and, officially, will remain stable next year. But China may not indefinitely accept the sharp loss of competitiveness against its neighbours.

Why has the dollar confounded my expectations? There were, after all, good fundamental reasons for

expecting it to drift lower. The US has been running a current account deficit of about \$150bn, including an underlying trade gap close to \$200bn. After many years of such deficits, the US has become a major debtor nation and, in theory, foreigners should become gradually less willing to add more and more to their dollar hoards.

A year ago, it was an easy prediction that the strength of

the market and there is a danger that sentiment will swing the other way.

In particular, there are fears that some of the Asian central banks that are big holders of US Treasuries - such as the Bank of Japan - might, in a worst case scenario, become forced sellers. So might collapsing private sector financial institutions in Asia. Inflationary pressures inside the US economy could

America has now run right out of employable workers. Companies complain they can't find new staff

the US economy would tend to suck in imports and that the trade gap would widen. Indeed, the deficit is likely to increase significantly more in 1998, and big trading partners such as Japan have been piling up corresponding surpluses.

Trade does not drive the foreign exchange markets in the short run, however. Asset flows are often much more important and, recently, the Japanese have been piling into dollar bonds. Around east Asia, there is now a strong whiff of panic and the dollar looks like a safe haven.

International investors are bugily bullish about US Treasury bonds; among US fund managers, the bulls of Treasuries outnumber the bears by 63 per cent, according to the latest Gallup poll from Merrill Lynch. Normally speaking, big opinion biases like this are warning signs, because the bullishness is already reflected

threaten bonds, too. But these are dangerous times for contrarians. Treasuries have stayed firm, and the 30-year bond yield dipped under 6 per cent yesterday.

The amazing strength of the US economy is the dominating factor. A strong currency and a big trade gap tend to cool down an economy. But, if anything, US growth is accelerating, to judge by the latest employment figures. Interest rates are likely to rise, further encouraging the dollar bulls, although the Federal Reserve Board delayed the decision last month, apparently because of the Asian turmoil. The Fed has another opportunity to put rates up next week, though.

Economic growth for the year could come out close to 4 per cent, but America has now run right out of unemployed workers. Employers everywhere complain they cannot find new

staff. Pay inflation is sure to accelerate, and company profits could be squeezed nastily between rising employment costs and ever-cheaper imported goods prices. Moreover, companies trading in Asia face a direct hit with Oracle, the big computer software company, shocking the stock market this week with poor earnings figures.

Although there has been something of a beggar-my-neighbour aspect to the recent round of Asian devaluations, with the willing tiger economies trying to export their way out of trouble, really big devaluations are dangerous. Their economic function is to trigger hyper-inflation which wipe out debt. But, when so much debt is denominated in dollars - as it is in countries such as Korea - the impact can be counter-productive because corporate equity gets eliminated instead. Korea could go bust.

In the short run, it seems that the region's dash into dollar assets will offset the impact of a sharp widening in the trade gap between the US and Asia. Foreigners have been buying American equities as well as bonds: non-central bank purchases by foreigners of US securities reached \$100bn in the third quarter.

But the big question is what happens if the US securities markets are more clearly seen as over-priced and unattractive. When the rest of the world is nervous, America can happily live well beyond its means. One day, though, the won may not look quite so lost.

Offshore managed funds and UK managed funds are listed in Section One

WEEKEND INVESTOR

Directors' share dealings

Transactions in own companies
1-8 December 1997

Company	Sector	Shares	Value £'000	No of directors
SALES				
Boots	RetG	15,000	136	1
Capita Group	SSer	1,500,000	4915	1
Caradon	BMEM	8,538	18	1
Clarison (Horace)	Tran	36,115	38	1
Govett Oriental Inv	InvT	100,000	111	1
Grosvenor Inns	Brow	24,500	47	1
Maris & Spencer	RetG	12,000	76	1
RM	SSer	311,000	2519	4
Southern Electric	ESer	9,900	41	1
Tinsley Robor	PPSP	150,000	209	1
MEPCO	Prop	11,852	88	1
Premier Oil	Oil	150,000	32	1
Shell Transport	Oil	244,000	1022	1
PURCHASES				
Amberley Group	Chem	20,000	21	1
ASTEC (SSR)	ESER	90,000	104	4
Avon Oil plc	Oil	35,000	20	2
Baird (Mm)	Test	10,000	21	1
Berkeley Ind	Eng	27,000	49	1
Bourne End Prop	Prop	50,000	27	3
Brown & Jackson	RetG	321,400	74	2
BWD Securities	OnP	66,000	80	3
Calderburn	Hood	50,000	24	1
Cliveden	LAH	447,650	188	5
Comino PLC	SSer	25,000	31	1
European Telecom	Tel	120,000	300	1
Freemove Leisure	Prop	7,170	16	1
GEI Intl	Eng	30,000	31	1
General Cable PLC	Tel	20,000	20	1
Hall Eng	Eng	50,000	89	1
Lady In Leisure Grp	LAH	65,000	73	2
QMI International	Eng	250,000	48	2
Quadrant	Eng	10,000	19	1
RM	SSer	11,000	89	1
Rubicon Group	Eng	1,350,000	1828	6
Sanderson Elect	SSer	50,000	32	1
Steel Burrell J	Inv	825,000	172	3
Sydney	EngV	100,000	115	1
Taylor Woodrow	BCon	30,000	61	2
Thorn	RetG	37,781	57	2
United Utilities	Watr	10,000	79	1

Companies must notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (listed and Airt), including exercises of options (if 100% subsequently sold, with a value over £10,000, information released by the Stock Exchange. Shares traded are ordinary, unless otherwise stated. 25p = 100p.

Directors' dealings

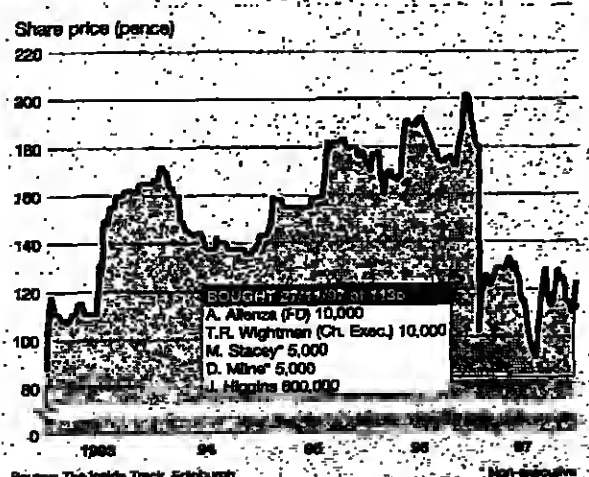
Across the Rubicon

There was much buying at Rubicon, the engineering group, this week, writes Ian Forrest. Five directors bought 630,000 shares between them at 113p. The chief executive, Timothy Wightman, bought 10,000 shares as did Nino Almeida, the finance director. However, the largest purchase was by Joe Higgins, the managing director of subsidiary Higgins Ltd, who bought 600,000 shares.

Five directors also bought at Cliveden, the luxury hotels operator, where 447,650 shares were bought at 42p. John Lewis, the chairman, acquired 94,250 of these and John Thami, the managing director, purchased 70,700.

The largest sale of the week was by Philip Fudd, an executive director at Tinsley Robor, the packaging and labels group. He sold 150,000 shares at 135p taking his holding to 125,250. Recent interim figures, showed an increase in profits to £2.7m from £1.8m, along with an upbeat statement about the group's prospects.

Rubicon



Last week's preliminary results

Company	Sector	Year	Profit mill (\$000)	Per share (\$)	Dividend per share (\$)	EPS (\$)
AB Leisure	LAH	Aug	9,000	(0.00)	1.14	1.85 (4.88)
ARM	LAH	Nov	1,400	(0.00)	0.88	2.14 (1.0)
ARM	LAH	Dec	12,000	(0.00)	0.78	2.29 (1.0)
ARM	LAH	Jan	21,000	(0.00)	0.77	2.37 (1.0)
ARM	LAH	Feb	31,000	(0.00)	0.76	2.45 (1.0)
ARM	LAH	Mar	41,000	(0.00)	0.75	2.53 (1.0)
ARM	LAH	Apr	51,000	(0.00)	0.74	2.61 (1.0)
ARM	LAH	May	61,000	(0.00)	0.73	2.69 (1.0)
ARM	LAH	Jun	71,000	(0.00)	0.72	2.77 (1.0)
ARM	LAH	Jul	81,000	(0.00)	0.71	2.85 (1.0)
ARM	LAH	Aug	91,000	(0.00)	0.70	2.93 (1.0)
ARM	LAH	Sep	101,000	(0.00)	0.69	3.01 (1.0)
ARM	LAH	Oct	111,000	(0.00)	0.68	3.09 (1.0)
ARM	LAH	Nov	121,000	(0.00)	0.67	3.17 (1.0)
ARM	LAH	Dec	131,000	(0.00)	0.66	3.25 (1.0)
ARM	LAH	Jan	141,000	(0.00)	0.65	3.33 (1.0)
ARM	LAH	Feb	151,000	(0.00)	0.64	3.41 (1.0)
ARM	LAH	Mar	161,000	(0.00)	0.63	3.49 (1.0)
ARM	LAH	Apr	171,000	(0.00)	0.62	3.57 (1.0)
ARM	LAH	May	181,000	(0.00)	0.61	3.65 (1.0)
ARM	LAH	Jun	191,000	(0.00)	0.60	3.73 (1.0)
ARM	LAH	Jul	201,000	(0.00)	0.59	3.81 (1.0)
ARM	LAH	Aug	211,000	(0.00)	0.58	3.89 (1.0)
ARM	LAH	Sep	221,000	(0.00)	0.57	3.97 (1.0)
ARM	LAH	Oct	231,000	(0.00)	0.56	4.05 (1.0)
ARM	LAH	Nov	241,000	(0.00)	0.55	4.13 (1.0)
ARM	LAH	Dec	251,000	(0.00)	0.54	4.21 (1.0)
ARM	LAH	Jan	261,000	(0.00)	0.53	4.29 (1.0)
ARM	LAH	Feb	271,000	(0.00)	0.52	4.37 (1.0)
ARM	LAH	Mar	281,000	(0.00)	0.51	4.45 (1.0)
ARM	LAH	Apr	291,000	(0.00)	0.50	4.53 (1.0)
ARM	LAH	May	301,000	(0.00)	0.49	4.61 (1.0)
ARM	LAH	Jun	311,000	(0.00)	0.48	4.69 (1.0)
ARM	LAH	Jul	321,000	(0.00)	0.47	4.77 (1.0)
ARM	LAH	Aug	331,000	(0.00)	0.46	4.85 (1.0)
ARM	LAH	Sep	341,000	(0.00)	0.45	4.93 (1.0)
ARM	LAH	Oct	351,000	(0.00)	0.44	5.01 (1.0)
ARM	LAH	Nov	361,000	(0.00)	0.43	5.09 (1.0)
ARM	LAH	Dec	371,000	(0.00)	0.42	5.17 (1.0)
ARM	LAH	Jan	381,000	(0.00)	0.41	5.25 (1.0)
ARM	LAH	Feb	391,000	(0.00)	0.40	5.33 (1.0)
ARM	LAH	Mar	401,000	(0.00)	0.39	5.41 (1.0)
ARM	LAH	Apr	411,000	(0.00)	0.38	5.49 (1.0)
ARM	LAH	May	421,000	(0.00)	0.37	5.57 (1.0)
ARM	LAH	Jun	431,000	(0.00)	0.36	5.65 (1.0)
ARM	LAH	Jul	441,000	(0.00)	0.35	5.73 (1.0)
ARM	LAH	Aug	451,000	(0.00)	0.34	5.81 (1.0)
ARM	LAH	Sep	461,000	(0.00)	0.33	5.89 (1.0)
ARM	LAH	Oct	471,000	(0.00)	0.32	5.97 (1.0)
ARM	LAH	Nov	481,000	(0.00)	0.31	6.05 (1.0)
ARM	LAH	Dec	491,000	(0.00)	0.30	6.13 (1.0)
ARM	LAH	Jan	501,000	(0.00)	0.29	6.21 (1.0)
ARM	LAH	Feb	511,000	(0.00)	0.28	6.29 (1.0)
ARM	LAH	Mar	521,000	(0.00)	0.27	6.37 (1.0)
ARM	LAH	Apr	531,000	(0.00)	0.26	6.45 (1.0)
ARM	LAH	May	541,000	(0.00)	0.25	6.53 (1.0)
ARM	LAH	Jun	551,000	(0.00)	0.24	6.61 (1.0)
ARM	LAH	Jul	561,000	(0.00)	0.23	6.69 (1.0)
ARM	LAH	Aug	571,000	(0.00)	0.22	6.77 (1.0)
ARM	LAH	Sep	581,000	(0.00)	0.21	6.85 (1.0)
ARM	LAH	Oct	591,000	(0.00)	0.20	6.93 (1.0)
ARM	LAH	Nov	601,000	(0.00)	0.19	7.01 (1.0)
ARM	LAH	Dec	611,000	(0.00)	0.18	7.09 (1.0)
ARM	LAH	Jan	621,000	(0.00)	0.17	7.17 (1.0)
ARM	LAH	Feb	631,000	(0.00)	0.16	7.25 (1.0)
ARM	LAH	Mar	641,000	(0.00)	0.15	7.33 (1.0)
ARM	LAH	Apr	651,000	(0.00)	0.14	7.41 (1.0)
ARM	LAH	May	661,000	(0.00)	0.13	7.49 (1.0)
ARM	LAH	Jun	671,000	(0.00)	0.12	7.57 (1.0)
ARM	LAH	Jul	681,000	(0.00)	0.11	7.65 (1.0)
ARM	LAH	Aug	691,000	(0.00)	0.10	7.73 (1.0)
ARM	LAH	Sep	701,000	(0.00)	0.09	7.81 (1.0)
ARM	LAH	Oct	711,000	(0.00)	0.08	7.89 (1.0)
ARM	LAH	Nov	721,000	(0.00)	0.07	7.97 (1.0)
ARM	LAH	Dec	731,000	(0.00)	0.06	8.05 (1.0)
ARM	LAH	Jan	741,000	(0.00)	0.05	8.13 (1.0)
ARM	LAH	Feb	751,000	(0.00)	0.04	8.21 (1.0)
ARM	LAH	Mar	761,000	(0.00)	0.03	8.29 (1.0)
ARM	LAH	Apr	771,000	(0.00)	0.02	8.37 (1.0)
ARM	LAH	May	781,000	(0.00)	0.01	8.45 (1.0)
ARM	LAH	Jun	791,000	(0.00)	0.00	8.53 (1.0)
ARM	LAH	Jul	801,000	(0.00)	0.00	8.61 (1.0)
ARM	LAH	Aug	811,000	(0.00)	0.00	8.69 (1.0)
ARM	LAH	Sep	821,000	(0.00)	0.00	8.77 (1.0)
ARM	LAH	Oct	831,000	(0.00)	0.00	8.85 (1.0)
ARM	LAH	Nov	841,000	(0.00)	0.00	8.93 (1.0)
ARM	LAH	Dec	851,000	(0.00)	0.00	9.01 (1.0)
ARM	LAH	Jan	861,000	(0.00)	0.00	9.09 (1.0)
ARM	LAH	Feb	871,000	(0.00)	0.00	9.17 (1.0)
ARM	LAH	Mar	881,000	(0.00)	0.00	9.25 (1.0)
ARM	LAH	Apr	891,000	(0.00)	0.00	9.33 (1.0)
ARM	LAH	May	901,000	(0.00)	0.00	9.41 (1.0)
ARM	LAH	Jun	911,000	(0.00)	0.00	9.49 (1.0)
ARM	LAH	Jul	921,000	(0.00)	0.00	9.57 (1.0)
ARM	LAH	Aug	931,000	(0.00)	0.00	9.65 (1.0)
ARM	LAH	Sep	941,000	(0.00)	0.00	9.73 (1.0)
ARM	LAH	Oct	951,000	(0.00)	0.00	9.81 (1.0)
ARM	LAH	Nov	961,000	(0.00)	0.00	9.89 (1.0)
ARM	LAH	Dec	971,000	(0.00)	0.00	9.97 (1.0)
ARM	LAH	Jan	981,000	(0.00)	0.00	10.05 (1.0)
ARM	LAH	Feb	991,000	(0.00)	0.00	10.13 (1.0)
ARM	LAH	Mar	1,001,000	(0.00)	0.00	10.21 (1.0)
ARM	LAH	Apr	1,011,000	(0.00)	0.00	10.29 (1.0)
ARM	LAH	May	1,021,000	(0.00)	0.00	10.37 (1.0)
ARM	LAH	Jun	1,031,000	(0.00)	0.00	10.45 (1.0)
ARM	LAH	Jul	1,041,000	(0.00)	0.00	10.53 (1.0)
ARM	LAH	Aug	1,051,000	(0.00)	0.00	10.61 (1.0)
ARM	LAH	Sep	1,061,000	(0.00)	0.00	10.69 (1.0)
ARM	LAH	Oct	1,071,000	(0.00)	0.00	10.77 (1.0)
ARM	LAH	Nov	1,081,000	(0.00)	0.00	10.85 (1.0)
ARM	LAH	Dec	1,091,000	(0.00)	0.00	10.93 (1.0)
ARM	LAH	Jan	1,101,000	(0.00)	0.00	11.01 (1.0)
ARM	LAH	Feb	1,111,000	(0.00)	0.00	11.09 (1.0)
ARM	LAH	Mar	1,121,000	(0.00)	0.00	11.17 (1.0)
ARM	LAH	Apr	1,131,000	(0.00)	0.00	11.25 (1.0)
ARM	LAH	May	1,141,000	(0.00)	0.00	11.33 (1.0)
ARM	LAH	Jun	1,151,000	(0.00)	0.00	11.41 (1.0)
ARM	LAH	Jul	1,161,000	(0.00)	0.00	11.49 (1.0)
ARM	LAH	Aug	1,171,000	(0.00)	0.00	11.57 (1.0)
ARM	LAH	Sep	1,181,000	(0.00)	0.00	11.65 (1.0)
ARM	LAH	Oct	1,191,000	(0.00)	0.00	11.73 (1.0)
ARM	LAH	Nov	1,201,000	(0.00)	0.00	11.81 (1.0)
ARM	LAH	Dec	1,211,000	(0.00)	0.00	11.89 (1.0)
ARM	LAH	Jan	1,221,000	(0.00)	0.00	11.97 (1.0)
ARM	LAH	Feb	1,231,000	(0.00)	0.00	12.05 (1.0)
ARM	LAH	Mar	1,241,000	(0.00)	0.00	12.13 (1.0)
ARM	LAH	Apr	1,251,000	(0.00)	0.00	12.21 (1.0)
ARM	LAH	May	1,261,000	(0.00)	0.00	12.29 (1.0)
ARM	LAH	Jun	1,271,000	(0.00)	0.00	12.37 (1.0)
ARM	LAH	Jul	1,281,000	(0.00)	0.00	12.45 (1.0)
ARM	LAH	Aug	1,291,000	(0.00)	0.00	12.53 (1.0)
ARM	LAH	Sep	1,301,000	(0.00)	0.00	12.61 (1.0)
ARM	LAH	Oct	1,311,000	(0.00)	0.00	12.69 (1.0)
ARM	LAH	Nov	1,321,000	(0.00)	0.00	12.77 (1.0)
ARM	LAH	Dec	1,331,000	(0.00)	0.00	12.85 (1.0)
ARM	LAH	Jan	1,341,000	(0.00)	0.00	12.93 (1.0)
ARM	LAH	Feb	1,351,000	(0.00)	0.00	13.01 (1.0)
ARM	LAH	Mar	1,361,000	(0.00)	0.00	13.09 (1.0)
ARM	LAH	Apr	1,371,000	(0.00)	0.00	13.17 (1.0)
ARM	LAH	May	1,381,000	(0.00)	0.00	13.25 (1.0)
ARM	LAH	Jun	1,391,000	(0.00)	0.00	13.33 (1.0)
ARM	LAH	Jul	1,401,000	(0.00)	0.00	13.41 (1.0)
ARM	LAH	Aug	1,411,000	(0.00)	0.00	13.49 (1.0)
ARM	LAH	Sep	1,421,000	(0.00)	0.00	13.57 (1.0)
ARM	LAH	Oct	1,431,000	(0.00)	0.00	13.65 (1.0)
ARM	LAH	Nov	1,441,000	(0.00)	0.00	13.73 (1.0)
ARM	LAH	Dec	1,451,000	(0.00)	0.00	13.81 (1.0)
ARM	LAH	Jan	1,461,000	(0.00)	0.00	13.89 (1.0)
ARM	LAH	Feb	1,471,000	(0.00)	0.00	13.97 (1.0)
ARM	LAH	Mar	1,481,000	(0.00)	0.00	14.05 (1.0)
ARM	LAH	Apr	1,491,000	(0.00)	0.00	14.13 (1.0)
ARM	LAH	May	1,501,000	(0.00)	0.00	14.21 (1.0)
ARM	LAH	Jun	1,511,000	(0.00)	0.00	14.29 (1.0)
ARM	LAH	Jul	1,521,000	(0.00)	0.00	14.37 (1.0)
ARM	LAH	Aug	1,531,000	(0.00)	0.00	14.45 (1.0)
ARM	LAH	Sep	1,541,000	(0.00)	0.00	14.53 (1.0)
ARM	LAH	Oct	1,551,000	(0.00)	0.00	14.61 (1.0)
ARM	LAH	Nov	1,561,000	(0.00)	0.00	14.69 (1.0)
ARM	LAH	Dec	1,571,000	(0.00)	0.00	14.77 (1.0)
ARM	LAH	Jan	1,581,000	(0.00)	0.00	14.85 (1.0)
ARM	LAH	Feb	1,591,000	(0.00)	0.00	14.93 (1.0)
ARM	LAH	Mar	1,601,000	(0.00)	0.00	15.01 (1.0)
ARM	LAH	Apr	1,611,000	(0.00)	0.00	15.09 (1.0)
ARM	LAH	May	1,621,000	(0.00)	0.00	15.17 (1.0)
ARM	LAH	Jun	1,631,000	(0.00)	0.00	15.25 (1.0)
ARM	LAH	Jul	1,641,000	(0.00)	0.00	15.33 (1.0)
ARM	LAH	Aug	1,651,000	(0.00)	0.00	15.41 (1.0)
ARM	LAH	Sep	1,661,000	(0.00)	0.00	15.49 (1.0)
ARM	LAH	Oct	1,671,000	(0.00)	0.00	15.57 (1.0)
ARM	LAH	Nov	1,681,000	(0.00)	0.00	15.65 (1.0)
ARM	LAH	Dec	1,691,000	(0.00)	0.00	15.73 (1.0)
ARM	LAH	Jan	1,701,000	(0.00)	0.00	15.81 (1.0)
ARM	LAH	Feb	1,711,000	(0.00)	0.00	15.89 (1.0)
ARM	LAH	Mar	1,721,000	(0.00)	0.00	15.97 (1.0)
ARM	LAH	Apr	1,731,000	(0.00)	0.00	16.05 (1.0)
ARM	LAH	May	1,741,000	(0.00)	0.00	16.13 (1.0)
ARM	LAH	Jun	1,751,000	(0.00)	0.00	16.21 (1.0)
ARM	LAH	Jul	1,761,000	(0.00)	0.00	16.29 (1.0)
ARM	LAH	Aug	1,771,000	(0.00)	0.00	16.37 (1.0)
ARM	LAH	Sep	1,781,000	(0.00)	0.00	16.45 (1.0)
ARM	LAH	Oct	1,791,000	(0.00)	0.00	16.53 (1.0)
ARM	LAH	Nov	1,801,000	(0.00)	0.00	16.61 (1.0)
ARM	LAH	Dec	1,811,000	(0.00)	0.00	16.69 (1.0)

FT WEEKEND

True Fiction / Peter Whitehead

Milking the corporate herd

You always know it's Friday if the FT trawler is out, bobbing along on the Thames under Southwark Bridge.

It's not much of a vessel - just a small wooden cabin cruiser, all peeling pink paint and varnish and filthy black exhaust, with a net that last saw service between hockey posts.

But if the trawl is a success, and it almost always is, the FT canteen's "Catch of the Day" is not to be missed. It might be cod, it might be haddock - each fish is lustily handled from the Thames straight to our plates, stopping momentarily to be thumped into a giant cake of leathery batter. At least we know it is as fresh as can be.

The trawler is a recent FT phenomenon. But other organisations have been quicker off the mark, realising that home-grown or self-caught produce can save them money and make staff happier. The company farmer, fisherman or hunter-gatherer is already familiar on

the payrolls of some of the most go-ahead corporations.

Key-Foley, for example, based in Chiswick, west London, fought long and hard to have its apples provided by a local supplier. It felt the cost and ecological damage caused by bringing apples thousands of miles from New Zealand was absurd.

Dissatisfied with any alternative source, this company, one of the world's biggest manufacturers of computer keyboards, decided to take matters into its own astringent. Eight years ago, workmen were called in to tear out the tatty palms and weeping figs and replace them with a Cox's Orange Pippin and a Worcester Pearmain.

Come the summer, its 438 employees were invited, for a

small fee, to help themselves to what turned out to be a splendid crop. The trees proved so popular that other fruits were added and their husbandry organised differently. Rhubarb, grapes, pears and a row of blackcurrants grew well and a stall was set up beside the reception desk, with a pick-your-own option retained.

Everyone was happy: Key-Foley cut its fruit bill and staff and visitors enjoyed fresh produce. Chief executive Colin Bunter said: "In 1995, we bought a pocket of land and now grow all of the fruit and vegetables we serve in our canteen."

Another company, Griffin Fortune, a niche multinational bank employing hundreds at its City of London branch, began a

self-sufficiency drive entirely by accident. In May 1993, one of the computer-aided design technicians in its brochure department took a large box containing eight live chickens into work.

That technician, Christie Burton, amazingly still works at Griffin and explained what happened: "My mum gave me the chickens for my birthday and I didn't have a clue what to do with them. So I took them to work. They made one heck of a racket. Then we realised they were laying eggs."

Burton's section manager took the eggs to the canteen and they were prepared for lunch and served on toast. The reaction astonished Sue Byrne, catering manager: "We had never had a complimentary com-

ment in the eight years I had been here - and then suddenly we had three in a day."

Those chickens never went home. Byrne went on: "The bank ended up getting more. Part of the roof terrace was fenced off and covered in earth and the chickens have lived and laid there quite happily. It's one of the few places an urban fox can't reach."

The bank didn't stop there, however. Its productivity rose as satisfaction with the canteen increased. Pockets of land were leased or purchased around the City - the centres of three large traffic roundabouts, the corner of a park, two pub gardens and the back lawns of three houses near the Angel Underground.

On each have been installed

more chickens and as many pigs as the land will support. One farm manager has been taken on and a head chef specialising in chicken and pork recipes employed. The savings and benefits to the bank have proved "considerable", said a management spokesman.

There are many other examples. One company near Birmingham has its own dairy herd and milking parlour; it has done away with UHT milk cartons in its tea and coffee vending areas, much to the joy of its employees.

Other companies have tried cheese-making, clabber baking, producing potato and other root vegetable crops, growing tomatoes in the windows on the sunny side of their building, and rice production at a former sew-

age works site in Manchester. Companies that have taken such initiatives are unanimous in concluding that they make commercial sense.

And for the workers, instead of spending their days in hermetically sealed and semi-noxious artificial environments, divorced from the rhythms of the day, month and season, they are back in tune with the natural world. Globalisation in food production might have brought us year-round giant tasteless instant strawberries, but it has destroyed the seasons. Inside most offices you could be anywhere, any time.

These imaginative companies claim to have given their employees a "context". Their canteen menus say it all - fresh strawberries mean it's summer; new apples spell early autumn; when the salted runner beans run out, it's time to go skiing.

And at the FT, when we see salmon swimming up river to breed, we know what will be on the menu.

Metropolis

Art sets out to unfreeze the Swedish

Can Climate be turned into Culture? Stockholm, City of Culture '98, hopes so, writes Tim Burt

Looking up at the heavy white sky, the Stockholm street cleaner chuckles - "this is nothing, just you wait" - as the snowfall sprinkles down like icing sugar.

For many residents of Scandinavia's largest city, winter does not really begin until the Baltic freezes over and they can skate to work. But this year the ice is coming early, on board a fleet of heavy trucks heading south from the Arctic Circle.

Early next month, trucks carrying some 200 tonnes of ice will rumble through the Swedish capital at the end of a 1,200km journey. The cold consignment, harvested from the frozen Turne River, will be unloaded in blocks and quickly reassembled to create one of the flagship venues for the 1998 Cultural Capital of Europe.

The ice pavilion, intended to house works of art carved from snow and ice, will be a showcase for eight sculptors hired to prove that climate can be turned into culture. As their raw material is perishable, they will have only a few weeks to do so.

The pavilion's rise and fall will be watched closely by officials of Stockholm '98, who have orchestrated the cultural festival from a 17th-century royal mansion overlooking Kungsträdgården park - temporary home of the Arctic exhibition.

Carin Fischer, secretary-

general of the year-long event, will have a grandstand view from her office - once a boudoir in Queen Kristina's *lustslott* - literally, her "house of pleasure". Fischer, unlike the room's former occupant, has not found the experience altogether pleasing.

After spending three years marshalling events for Stockholm '98, she feels frustrated at Sweden's deep reserves of, well, reserve.

This year the ice is coming early, on heavy trucks from the Arctic Circle

"We have to say to Sweden, don't sit gloomily at home wishing you were in London or Hawaii. This place must be taken by the lapels and given a shake," she says.

In doing so, the former Liberal party politician hopes to emulate Glasgow and Dublin by using the festival to modernise the city's cultural identity. Most Swedes would balk at the idea that Stockholm requires the same kind of regeneration as Glasgow, but Fischer believes it has a lot to learn from its predecessors.

Indeed, her office is littered with mementoes from

previous cultural capitals - a poster from Copenhagen '96, a trinket from Lisbon '94. In one corner, there is a forlorn carrier bag from Thessaloniki, the present holder of the accolade.

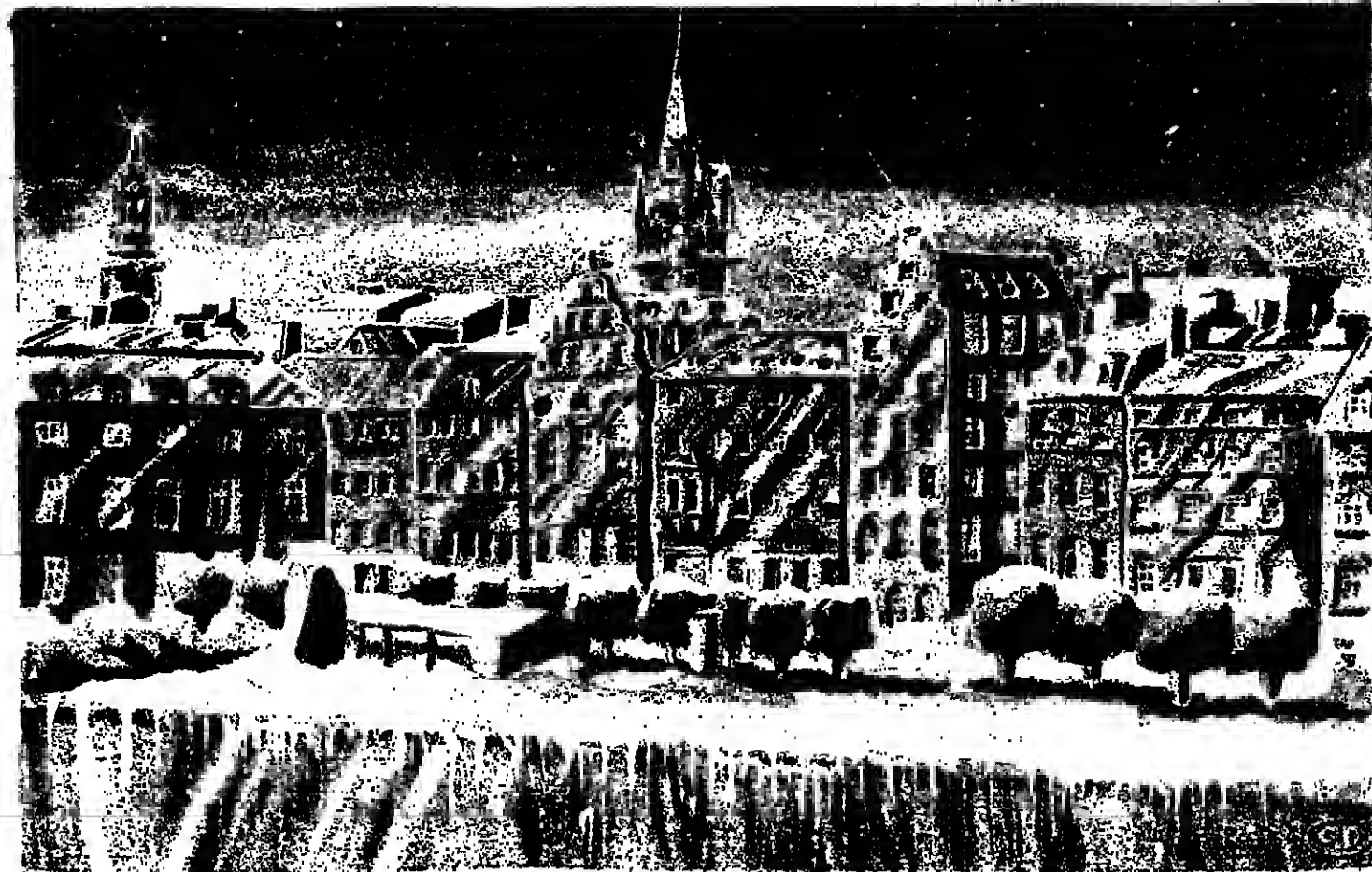
Although the Greek city has opened new museums and raised the curtain on numerous shows, its year of culture has been dogged by allegations of mismanagement and corruption. The European Commission and Greek government have demanded an inquiry into how Dr30bn of grant aid and subsidies has been spent.

That has increased the pressure on Stockholm to manage its 1,000 events and SKr460m budget with aplomb. If it does so, it could eclipse those in the European Union calling for the single-city festival to be replaced with cultural events spanning several countries.

In a bid to rejuvenate the annual jamboree, Fischer and her team have organised a host of "firework projects".

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Swedes it will depend more on the projects that outlast the year: the galleries planned for poorer suburban areas; the old industrial buildings refurbished as artists' workshops; or the literacy schemes for city schools.

Aware of such local demands, the organisers are trying to extend the event beyond the city boundaries.

"The biggest threat to our plans is the idea that this is something just for Stockholm rather than all of Sweden, and that it will all be over in 12 months' time," says Fischer.

But overcoming the cultural apathy of many Swedes and spreading the events beyond Stockholm is a tall order - particularly in a country where the capital city is still regarded with some suspicion. Residents of rural villages

and towns have no particular affection for the "zero-eight", the telephone code nickname given to Stockholm. So they may not be receptive to cultural lessons from their urban compatriots.

Fischer and her team hope to break down the barriers by importing art and artists from counties such as Dalarna Vabotten and Orerbro to the capital. In turn, these areas are expected to host visits from some of the international stars gathering in the city.

Even so, such well-intentioned proposals have angered some theatre groups and would-be exhibitors. When Stockholm '98 first invited projects to take part in the cultural year, the organisation was so overwhelmed by applicants that many received no reply for

months. "Being left in the dark is not unusual in winter," says one project leader in Västernorrland. "We don't need to be reminded of it by those people in Stockholm."

Fischer, describing her job as "sometimes like punishment," says this demonstrates the neglect seeping through Swedish culture. On one hand, there is an oversupply of performers and artists hungry for exposure. On the other, the demand to see them remains mixed.

Some participants have prepared shock therapy to

overcome inertia among audiences. Hence the cheery "Theater of Death" planned at Stockholm's Marionette Museum, the European fire sculpture championships and the arrival of the "Swap Your Life" travel agency.

If Fischer has her way, Stockholm will be changed for good. In practical terms, that means persuading city museums to work together and urging city planners to take cultural interests into account in future building work.

Veterans of the event in

Madrid and Copenhagen praise the attempt to spread the cultural message beyond the sell-out shows. But previous experience suggests it's rare for the event to mark a watershed in cultural awareness.

Even the most spectacular programmes run the risk of culture fatigue. It could take more than slick organisation and an open-armed approach to out-of-town shows to transform one of Europe's most beautiful cities from a cultural caterpillar into a butterfly.

Arcadia

Blossoms in the killing fields

As the veterans disappear, David Owen asks why tourists are now visiting the Somme

The sugar beet farmers of the Somme are entitled to smile. This year's weather for the crop in northern and eastern France has been just about ideal - warm and humid. Even the Confédération Générale des Planteurs de Betteraves - not noted for wild flights of fancy - estimates that this year's beets are "enormous".

For mile after mile, the flat, muddy, featureless Picardy fields are dotted with piles of pale brown beets the size of shells. Processing plants, seen - and smelt - through the cloying mist, chug away industriously.

This has also been another good year for a very different regional industry: Great War tourism. Anne-Marie Goales, director of the Comité Départemental du Tourisme de la Somme, talks of a "slow but regular" increase, with Australians becoming more prominent as the anniversaries of battles in 1917 and 1918, in which their countrymen were heavily involved, come and go.

The figures show that the number of visitors to paying sites in Haute Somme, one of the main theatres of this most cataclysmic of human conflicts, rose by 10 per cent

in 1994-95 and 11 per cent in 1995-96.

I had always assumed that as the number of veterans dwindled so would the number of visitors to the war zone. After all, this empty, agricultural terrain, with its ugly churches, solitary hunters and half-deserted villages is not very scenic.

In terms of remnants of battle, moreover, there is not a great deal to see: the immaculately maintained Commonwealth cemeteries and memorials; the odd water-filled crater; the occasional stack of rusting shells, retrieved, presumably, during harvesting and stacked against a telegraph pole; and that's about it.

For those seeking a sense of what war is like and what drives states on to wage it, Vietnam would seem to offer more - the DMZ, or Demilitarised Zone; Marble Mountain, where the North Vietnamese ran a hospital undetected under American noses; or the blackened, softly mouldering ruins of the Imperial City in Hue, the former capital on the banks of the Perfume River.

What explains the enduring, indeed increasing, appeal of this peculiar corner of France, and what draws those with no direct experience of the terrible

battle fought here?

Regional experts bellow the disappearance of the veterans - and consequent loosening of emotional ties - has opened the way for the war to be looked at as a purely historical phenomenon. There is no longer any reason for those interested in the Somme to fear they could be intruding on private grief.

"The Great War has stopped being an affair of veterans and has entered the realm of history," says Jean-Pierre Thierry, of the Historial de la Grande Guerre, a museum in Péronne which opened in August 1992.

We don't look at the 1914-18 war in the same way as we did 20 years ago," he says. "The old combatants were powerful. They would have found it hard to accept us talking about French, English and Germans in the same breath. Now we talk about the Germans without necessarily systematically putting the blame on them."

He acknowledges there are still few German visitors to the region: "You would need to make a commercial effort." Furthermore, "the Germans have a deep complex; they have been told so

often they were responsible for the bloodbath."

The more detached, frankly curious, attitude of many contemporary visitors also helps explain the large number of small private museums now dotted around the old front line, from the north coast to Verdun. The returning veterans would have been horrified to see or buy souvenirs of those ghastly times. For younger generations, the quest for knowledge has a completely different effect.

Would the pigeon shooters who left their cars in the little lay-by intended for visitors to one tiny burial plot have been quite as carefree a few years ago?

But none of this suggests that today's visitors do not have an emotional response to what they see. On the contrary, the young age of most of the men lying in the cemeteries can hardly fail to strike a chord with the younger visitors. As Vera Brittan, the pacifist writer, wrote on visiting her brother's grave in Italy in 1926: "It was strangely difficult to bid farewell to the graves of the British soldiers, strangely difficult to overcome the fantastic longing to keep them company in their loneliness."

Personal attachments still

appear to be the main motive of many visits. The visitors' books at every cemetery are full of touching references to grandfathers and great uncles. In fact, I was there on a personal pilgrimage myself - accompanying my wife as she tried to retrace the steps of her great-grandfather, who spent three years on and around the western front with the Somersets.

Even so, I was under no obligation to feel as affected as I did while on those carefully tended lawns among the simple white tombstones, so many of them unnamed.

Perhaps the region's chief source of fascination, at least for north Europeans whose direct personal links to the war are as limited as my own, is simply this. The knowledge that, if we had been born 80 or 70 years earlier, there is every chance we, too, might have been lying in those dignified, orderly cemeteries tucked away among the sugar beet fields of the Somme.

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